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Southeast Asia Report



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5 January 1984

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AUSTRALIA

NEW SOUTH WALES SPEAKER CALLS FOR ASIO ABOLISHMENT

Sydney THE SYDNEY MORNING HERALD in English 29 Oct 83 p 7

[Article by John Slee]

[Text] The former South Australian Attorney General, Mr Peter Duncan, called last night for the abolition of ASIO, saying it "is too late in the day for such an organisation to be reformed."

"It is riddled with Cold War warriors who should have been pensioned off long ago. ASIO should be completely dismantled and the Acts of Parliament which created it should be repealed," he said at the annual meeting of the NSW Council of Civil Liberties.

Duncan said ASIO was believed to have about 800 employees. "All should be pensioned off if they have pension rights or taken off the payroll if they haven't."

He said it might not be possible politically to do without some sort of intelligence organisation in the short term.

"But if we must have such a replacement, then it must be kept extremely small. It should definitely not have any information-gathering functions. This would exclude surveillance functions of all sorts.

"Its role should be strictly limited to providing informed analyses and advice to the Parliament."

Earlier, the Council of Civil Liberties passed a resolution--almost unanimously, condemning "the Federal Attorney-General (Senator Evans) for his inadequate control of ASIO" and calling on the Federal Government to "withdraw the commission of Justice Hope in relation to the ASIO inquiry."

The resolution was moved by Mr Greg Woods, QC, and Mr Ian Dodd, the council's former president.

Mr Duncan said he agreed with the proposal on Justice Hope, but said an alternative would be for the Government to appoint perhaps two assistants to Justice Hope to help him prepare his report.

Mr Duncan described Justice Hope, who is a former president of the Council of Civil Liberties, as "a man whose integrity is, of course, of the highest order, despite the fact that his ear has long been carefully attuned to ASIO's special needs."

Mr Duncan said he did not intend to impune Justice Hope's character in any way, but said the responsibility placed on Justice Hope in the ASIO inquiry was "quite awesome."

"It is a pity that he alone has to shoulder this burden. Perhaps the Government could be persuaded to appoint a couple of assistants to share some of the load."

Mr Duncan referred to Justice Hope's suggestion that he had been in contempt of the Royal Commission when he spoke in the South Australian Parliament about one of the witnesses before the commission, Mr Laurie Matheson.

"I should point out that what I said about Mr Matheson was readily available from material that had become part of the public record since this affair started," he said.

Mr Duncan said many other people had quite independently of his remark, arrived at the same conclusion as he had about Mr Matheson's role.

"The real reason that my conclusions drew such immediate and hostile responses from Justice Hope and others was that my remarks received quite widespread publicity.

"It was the media response that really irked ASIO and its supporters."

Mr Duncan said he disagreed with the joint opinion of Senator Evans, and the Solicitor-General, Sir Maurice Byers, that reports of what he said in Parliament, even if fair and accurate, might still be liable for prosecution for contempt of the royal commission.

The council elected a new committee. It consists of Mr John Marsden, president, Miss Caroline Simpson and Mr Ken Horler, vice-presidents; Miss Bev Schurr, secretary; Mr Tim Robertson, assistant secretary; and Mr Danny Brezniak, treasurer.

CSO: 4200/288

VICTORIAN ALP CONFERENCE CENSURES FEDERAL MINISTERS ON URANIUM

Sydney THE SYDNEY MORNING HERALD in English 28 Nov 83 p 1

[Article by John Miner]

[Text]

A resolution censuring all Federal Labor MPs from Victoria, including the Prime Minister, who supported the Federal Government's uranium decision in Caucus, was adopted by a special conference of the Victorian ALP yesterday called to discuss the uranium issue.

The meeting also declared the Caucus decision invalid.

The Attorney-General, Senator Evans, the Minister for Aboriginal Affairs, Mr Holding, and the Minister for Communications, Mr Duffy, opposed the moves but were easily outnumbered among the 400-odd delegates at the Collingwood Town Hall.

Mr Hawke was in India and the Victorian Premier, Mr Cain, did not attend because of a family commitment. The Government leader in the Senate, Senator Button, also stayed away.

The MP for Casey, Mr Peter Steedman, reflected the views of many delegates when he said it must be made clear that the rank-and-file members determined ALP policy, not the politicians in Canberra.

But Mrs Joan Child (Henty) said the conference was "prob-

ably the most disruptive thing that has happened to this party" since the split nearly 30 years ago.

Mr Holding said "It might be great fun, in the moment of a branch meeting, to pour heaps over the Government and the Prime Minister, but if this Government is destabilised, the alternative coalition will mine every ounce of uranium."

He hinted vaguely that some form of Federal intervention in the Victorian branch could follow if the branch set itself up as sole arbiter of party policy, but declined to comment on the matter later.

Mr Duffy said the policy on uranium was illogical and irrational, trying to accommodate two opposite points of view. But on section (b4C) had been written to allow mining at Roxby Down, so it could not be argued that the Caucus, in allowing mining at Roxby, had breached the policy.

Senator Evans said that reversing the decision on Roxby Down would mean "throwing South Australia away," to which an interjector replied: "Throw it away."

Senator Evans said: "Don't set

this party on a course of public self-immolation. Don't set this Government on a course of destruction."

Dr Andrew Theophanous (Burke) summed up the uranium arguments when he said: "Damn the profit, think of humanity."

Mr Holding told the conference there would be no mining of uranium at Jabiluka or Koongarra in the Northern Territory.

"We happen to have phased out a number of mines. Pancontinental is gone, Koongarra is gone," he said.

The Pancontinental mine at Jabiluka and the Koongarra mine are inside the boundaries of the Kakadu National Park.

When the park was declared, the mines were excluded from it while the Government began negotiating compensation with local Aborigines who own the land. But the exclusion caused speculation that the Government might allow mining there at some stage.

Mr Holding's statement is likely to have a significant effect on the election campaign entering its last week in the Northern Territory.

AUSTRALIA

EDITORIAL HAILS HAWKE PERFORMANCE AT COMMONWEALTH

Brisbane THE COURIER MAIL in English 29 Nov 83 p 4

[Editorial: "The Benefits of CHOGM"]

[Text]

If the Commonwealth did not exist, it would not be necessary to invent it.

Its beginnings were improbable; its growth seems unlikely; its future looks uncertain. As international organisations stand, its members are disparate, with little in common except that they were once colonies of the British.

The Commonwealth is not without its detractors. At its worst, it is seen as a cosy, ineffectual club, little more than an outlet for debating skills. But this Commonwealth Heads of Government Meeting is a reminder of what a force for good the Commonwealth can be.

Arguably the Commonwealth's most spectacular success was the transition to peace in Zimbabwe. Two years ago, no similar issue held the attention of the Commonwealth leaders in Melbourne.

This year, CHOGM took place against the background of increased world nuclear tension, a US president enamoured of the quick military solution and at loggerheads with his Russian counterpart.

This was the background which Mr Hawke skilfully exploited. His announcement of the success of the Australian motion in the United Nations demanding a total ban on all nuclear weapons testing was timed at CHOGM for maximum benefit among the Commonwealth nations.

It might seem incongruous, but it established the credentials of Mr Hawke among Commonwealth leaders. Now he must ensure that the reality of his actions at home matches the rhetoric of his speeches abroad.

CSO: 4200/288

AUSTRALIA

HAWKE STATES VIEWS ON COMMONWEALTH MEETING

Sydney THE SYDNEY MORNING HERALD in English 30 Nov 83 p 2

[Article by Paul Kelly]

[Text] New Delhi, Tuesday--The Commonwealth meeting in New Delhi closed today with the Prime Minister, Mr Hawke, echoing the views of the developed nations that a more modest conference might be more appropriate in future.

The New Delhi summit will be remembered for its minor initiatives on the crisis points of Cyprus and Grenada, the temporary retreat of developing nations in pressing for a new international economic order and, perhaps, a realisation that the Commonwealth has become a little too indulgent.

It is impossible not to notice the cult of national importance. India is a leader of this cult, but it has adherents everywhere. It is a means of boosting national prestige through hosting conferences, adopting diplomatic stances and demanding action.

The cult is expensive. For instance the Indian Prime Minister, Mrs Gandhi, built a big new airport terminal recently for the non-aligned meeting and the Commonwealth meeting.

India has made a monumental effort to present its best face to its guests. The result has been unfailing politeness, cleaned up streets and communications better than anybody imagined. The cost in both New Delhi and Goa must run into tens of millions.

What of the result?

In many ways Mr Hawke is an excellent judge of its worth. A leader, in his own words, free of the Commonwealth's mysticism, he assesses it with the intelligence and commonsense of the new boy anxious to discover its benefit.

That benefit took two forms. The first, as Mr Hawke pointed out, is that he established in eight days a dialogue, and in some cases a rapport, with a vast number of heads of governments with whom Australia has continuing relations. The most important connection was with Singapore's Mr Lee Kuan Yew.

The second benefit lies in the diplomatic advances actually made, which this time involve Cyprus and Grenada. Mr Hawke has correctly identified these two areas of talks at the weekend retreat in Goa as comprising the substance of the conference.

Australia has been given a role on Cyprus. It is part of a five-nation contact group--Australia, Guyana, Nigeria, Zambia and India--which will work alongside the United Nations to try to procure a resolution to the crisis created by the secession of a Turkish-Cypriot State.

Indeed, Mr Hawke seemed enthusiastic about the prospects for progress by this group, which was due to hold its first meeting today in New Delhi. Obviously it has a domestic political spin-off.

On Grenada, Mr Hawke was fascinated by the fire and vigour of what was easily the outstanding debate of the meeting. The Commonwealth meeting came together despite its dramatic differences over the invasion and agreed to assist the new administration after the withdrawal of all foreign forces.

But the two mainstream debates, essentially on disarmament and the new international economic order were marked more by ritualistic exhortations than political advance. In many ways this was only to be expected.

A forum like the Commonwealth, which contains in the United Kingdom the only one of the five nuclear powers can contribute little to the disarmament cause. This is despite the efforts of the Commonwealth Secretariat to use the nuclear initiative put by Canada's Mr Trudeau to do exactly this.

Mr Trudeau made a lightning visit to Peking mid-conference only to find the Chinese unenthusiastic about his initiative, which involves the nuclear powers limiting their stockpiles in return for the non-nuclear nations agreeing not to arm themselves.

Mr Hawke contented himself with wishing Mr Trudeau well.

The economic debate saw both Mr Hawke and the British Prime Minister, Mrs Thatcher, at one in their argument that talk about new financial institutions must be firmly put aside and more sense brought to this issue.

The main feature of the economic debate was that the developing nations clearly retreated from some of their radical demands over recent years. The fact is that continued United States involvement in the International Monetary Fund and the supply of additional resources to the fund is the immediate priority.

There is to be created a Commonwealth consultative group to promote consensus on economic action, taking full account of international consultations going on elsewhere.

The group will comprise representatives of Governments from Britain, Canada, Fiji, India, New Zealand, Tanzania, Trinidad and Tobago and Zimbabwe, together with the Commonwealth Secretary-General, Sir Shridath Ramphal.

It has been asked to report to Commonwealth finance ministers before they meet next year in Toronto.

Both Mr Hawke and Mrs Thatcher said during the debate that domestic economic management in all nations was imperative.

For the record, it should be noted that Mr Hawke's outlook on this issue is very similar to that adopted by the former Prime Minister, Mr Fraser. Indeed, this conference was notably for the continuity, not the differences, between the Fraser and Hawke approaches.

There should be no doubt that Mr Hawke has stepped into Mr Fraser's Commonwealth shoes--although he will not use the forum itself as enthusiastically as did Mr Fraser.

At his press conference yesterday Mr Hawke explained that his Government had adopted an even harder stance against South Africa than did Mr Fraser. Mr Hawke reached back to the Whitlam years to establish the depth of this policy in answering questions from overseas journalists.

The Prime Minister was able to tell the overseas press about his personal campaign against South Africa as ACTU president when he spearheaded opposition to the Springbok Rugby tour.

Asked about economic sanctions, Mr Hawke said that if the rest of the world started to apply economic sanctions against South Africa then Australia would join them.

But Mr Hawke's reservations about the Commonwealth and its collective bias against the United States also came to the fore during the meeting.

It was only yesterday that he gave vent for the first time, although cautiously, to these sentiments. He said: "It is true that some countries tend to view most international issues with an element of anti-United States bias--it doesn't dominate."

He warned that it was "in the interest of the rest of the world to try to have as constructive a relationship with the United States as possible."

The Prime Minister obviously sees no real need for the regional Commonwealth meetings, a concept which Mr Fraser devised.

Overall, it is hard to question his judgment that the achievements of New Delhi have not justified the time which leaders have put into the meetings.

But Mr Hawke is also right in saying the Commonwealth is worthwhile. The still inescapable fact is that the focus of the Commonwealth is Africa and events in Africa will guarantee the Commonwealth's relevance. Its seminal role in the independence of Zimbabwe was the last great example of this.

In southern Africa today the Commonwealth is deeply involved in efforts to bring Namibia to independence and remove South Africa from Angola. There is little doubt that when the crisis comes the Commonwealth, along with South Africa and the United States, will be a party principal. Beyond these issues of course lies the ultimate one, South Africa itself.

Zambia's President Kaunda declared two days ago that when the upheaval in South Africa arrives it will make the French Revolution look like a picnic. The Commonwealth will be there and so will Australia, which, because of its Commonwealth role, will be on the side of change and not reaction.

CSO: 4200/291

AUSTRALIA

CONTINUED PRESS PRAISE OF HAWKE COMMONWEALTH PERFORMANCE

'Time Well Spent'

Melbourne THE AGE in English 1 Dec 83 p 13

[Editorial: "CHOGM Has Its Place"]

[Text] The Prime Minister, Mr Hawke, can return to the demands of domestic affairs in the knowledge that his week at the Commonwealth Heads of Government Meeting was time well spent. While it is clear that Mr Hawke places rather less emphasis on the usefulness of the Commonwealth than Mr Malcolm Fraser did, he still performed enthusiastically and credibly. No great achievements took place in New Delhi, but then, there was nothing specific to achieve, as there had been in the past with southern African issues. But there were accomplishments, nevertheless. The communique contains a worthwhile attempt to address many of the more pressing international issues.

South Africa and, significantly, the United States are seen in the document to share the blame for a dismal lack of progress towards independence in Namibia. All foreign forces in Lebanon other than those there at the specific request of the current Lebanese Government are asked to withdraw and it is to Mr Hawke's credit that his insistence on Syria being included eventually prevailed over the protests of the Indian Prime Minister, Mrs Gandhi. The Commonwealth is now also on record as being gravely concerned about a new and increasingly serious arms race, anxious to seek reconstruction rather than recrimination over Grenada, keen to find a solution for Cyprus, and interested in reforming international economic institutions rather than replacing them.

These are mere words, it is true. There is nothing with which to back them up. But that is partly why a strong degree of consensus can be reached. Such meetings must rely on an ability to influence the turn of world events through the Commonwealth's image as a genuine microcosm of the international community. There is an intrinsic benefit in assembling the representatives of more than 40 disparate nations to consider problems of global concern. That such a broad spectrum of cultures and beliefs can be accommodated in one organisation and for any kind of consensus to be achieved, is a remarkable matter in itself.

No other organisation can demonstrate so effectively one of the most important lessons of recent years: that all nations are now inextricably interdependent and have a shared interest in survival and prosperity. As the Commonwealth Secretary-General, Sir Shridath Ramphal said before the Melbourne meeting two years ago, the world becomes a slightly saner and better place when the representatives of one human being in four can spend a few days together, talking and making friends, even if sometimes agreeing to disagree. Whether they should be accommodated and entertained in a manner quite as expensive as the weekend retreat in Goa is another question. But Mr Hawke, for one, would regard the opportunity to become more closely acquainted with leaders such as Mr Lee of Singapore as particularly valuable. This CHOGM could not have been better timed to improve relationships, strained as they have been, in Australia's own immediate region. The Commonwealth is not as anachronistic as its critics suggest.

Hawke 'Refreshingly Frank' on Weaknesses

Sydney THE SYDNEY MORNING HERALD in English 30 Nov 83 p 8

[Editorial: "A Hawke in the CHOGM Nest"]

[Text]

WHO NOW remembers the details of the Melbourne CHOGM declaration? The declaration was described by the Commonwealth Secretary-General, Sir Shridath Ramphal, at the last Commonwealth Heads of Government Meeting two years ago as certain to "occupy a place of importance in mankind's efforts to create a more just and humane society." This description was as over-blown as the text of the declaration itself. The well-meaning attack on "the gross inequality of wealth and opportunity currently existing in the world" has already been consigned to the wastepaper basket of history. This will undoubtedly be the fate of the Goa declaration, also, with its equally well-meaning attack on the superpower arms race.

Mr Hawke has been refreshingly frank on the weaknesses in the declaration. He did not accuse his host, Mrs Gandhi, of hypocrisy for condemning the arms race while refusing to sign the nuclear non-proliferation

treaty. But with diplomatic understatement he noted that this sort of stance was "inadequate." He was critical, as well, of the concentration in the declaration on the nuclear powers increasing their nuclear stock, while the need to prevent more nations joining the nuclear club was ignored.

The Commonwealth leaders reached a mutually acceptable form of words about Grenada. The American intervention was not condemned out of hand. This was a dramatic result because the Black African nations have been fearful that the US intervention could provide a precedent for a South African invasion of a front-line State. Mr Hawke argued persuasively for an end to protectionism. However, there is an element of St Augustine's prayer, "Lord make me chaste, but not yet," when Australian Prime Ministers preach trade purity. The need for an independent Namibia, even if Cuban troops are needed to achieve it, was also asserted.

In terms of tangible achievements, there is not a great deal in all of this. But then people tend to expect too much from CHOGMs. In 1977, the Gleneagles Agreement was reached, a statement that remains the cornerstone of anti-apartheid policy throughout the Commonwealth. Two years later at Lusaka a nine-point plan outlining a cease-fire formula for the then Rhodesia was hammered out. CHOGM will probably never be as directly relevant again as it was at that meeting. The Commonwealth leaders were literally in the front line with the prospect of conflagration throughout southern Africa if they had failed. The Melbourne CHOGM had an impact here because it was close to home. But these conferences were exceptions.

CHOGM'S real value lies in the fact that it is a club, a nest of sorts, where leaders are not

motivated by collective ideological principles. Bridge-building is the object of the exercise. Diverse nations like Australia and Zambia can come together in talks that can result, as they did at Goa, in Australian wheat being sent to southern Africa as aid to help thwart the impact of a two-year drought. Mr Hawke can spend time with Mr Lee in an informal atmosphere, away from the cameras and the microphones, to discuss and reconcile, if possible, conflicting viewpoints on Kampuchea.

And as the conference documents invariably reveal, the opinions of leaders representing a quarter of the world's population are frequently persuasive and eloquent on great issues like the North-South debate. Mr Lee describes CHOGM as an "educative process." It is a meeting of minds, rather than powers. This week's meeting has maintained the tradition.

CSO: 4200/292

GOLD, EXCHANGE RESERVES AT \$12 BILLION RECORD

Melbourne THE AGE in English 29 Nov 83 p 31

[Article by Simon Holberton]

[Text]

Australia's reserves of gold and foreign exchange have hit an all-time high of \$12,007 million, the Reserve Bank revealed last night.

The boost in reserves is an unwelcome development for the Government and its monetary managers, as it will add to the problems already encountered in controlling money supply.

But yesterday's bond market trading may go some of the way to fulfilling the authorities' hopes about interest rates. Commonwealth bond yields fell in strong trading and paved the way for falls in today's \$1200 million tender.

The Reserve's weekly statement of central banking business showed a rise of \$452 million in the week to 23 November.

It is understood a significant portion of the rise was due to last week's \$200 million wheat deal with the Soviet Union, all of which the trading banks were unable to accommodate in "spot-against-forward" limits allowed by the Reserve.

This meant the banks had to settle their positions with the Reserve, which in turn resulted in a boost to foreign reserves.

Since the beginning of this financial year about \$1600 million has flowed into Australia — a level of inflow none of the Government's advisers anticipated at the time the Budget was framed.

Equally unexpected was the level of Australian Savings Bond sales, of about \$1500 million.

While representing pure non bank take-up, thereby having a direct impact on money supply, ASB's are, by their nature, a volatile security and the authorities are understandably concerned not to base their whole monetary strategy on securities which can be redeemed with a month's notice.

The Government made changes to Australia's foreign exchange system to staunch the flow of foreign capital, but, to date, they have had little effect on inflow.

Today's bond tender was also structured to force down short-term interest rates and thereby make Australia's money market a less attractive staging post for short-term capital flows.

This strategy — to force down interest rates — seems certain to succeed. Pre-tender action in the bond market yesterday was the strongest since the tender system came into existence in August last year.

The falls in yields yesterday set the stage for big falls in Commonwealth bond rates today. A tender acts as a focal point for the market, defining sentiment and giving direction: never had the market traded so strongly.

Dealers described the tone of the market as very bullish (confident). There was strong demand across the whole yield curve for Commonwealth issues.

Short-term securities (1985 and 1986 bonds) fell about 20 cents in yield to around 11 per cent; and bonds with maturities from the late 1980s to early 1990s fell about 15 cents to 18 cents in yield.

CSO: 4200/288

AUSTRALIA

TASMANIA ALARMED OVER USSR FISHING TALKS

Perth THE WEST AUSTRALIAN in English 29 Nov 83 p 11

[Text] Hobart--The Tasmanian Government has sought an assurance from Canberra that Australia and the Soviet Union are not negotiating fishing rights off Tasmania.

The Premier, Mr Gray, said last night that such talks would conflict with State initiatives to enlarge Tasmania's own fishing industry.

He was seriously disturbed at reports about the negotiations.

According to defence informants in Melbourne, the Soviet Union wants to fish from a base in western Victoria for red mackerel off the Tasmanian coast.

Fisheries scientists in Hobart said that the fish, better known as jack or horse mackerel, could be found in huge shoals off Tasmania.

One experiment had shown that the jack mackerel made excellent smoked fish and could also be ground up for fish meal.

The fish is not highly regarded by Tasmanian fishermen and fetches low market prices.

In Melbourne, the president of the Navy League of Australia, Commander Geoffrey Evans, said that Portland in western Victoria was the most likely site for a Soviet fishing base.

"The proposal was discussed in Moscow last month between a high-powered Australian Department of Trade delegation and the Russians," he said.

"I believe that we should trade with the Russians, but their fishing fleets have considerable surveillance capabilities and that would not be in our interests," he said.

But the Victorian Premier, Mr Cain, said yesterday that he had no knowledge of the proposal.

Commander Evans said the league and defence sources were taking the proposal "very seriously indeed."

The Navy League started making inquiries about the possibility that an Australian base would be allowed for the Russian fishing fleet after it cropped up in evidence given to the Hope royal commission, he said.

CSO: 4200/288

CANBERRA SEMINAR VIEWS DEFENSE OPTIONS

Civil Manpower Considered

Canberra THE AUSTRALIAN in English 30 Nov 83 p 7

[Article by Peter Young in the "Defence" column: "National Plan Designed To Win the War at Home"]

[Text]

THE nation's finest military brains are gathered in Canberra this week at a seminar to examine a concept that could see every Australian mobilised into a defence effort.

The idea is that while the priority must go to the navy and air force in destroying any potential invader on the high seas where they would be most vulnerable, the ultimate deterrent remains the army and its capacity to defend continental Australia.

But since it is unlikely we shall ever be able to afford large standing armies, a much greater and organised use must be made of every civilian.

The seminar, held by the Strategic and Defence Studies Centre at the Australian National University, stemmed from the last Chief of General Staff's conference.

This conference investigated an integrated civilian/defence capability and applied its ideas during the recent Kangaroo '83 Exercise.

During that exercise, defence went beyond the comfortable set piece exercises of the past. Instead, commanders of all services and all ranks were forced to face up to the problems of deploying their troops over vast distances into some of the most inhospitable terrain in the world with whatever resources were at hand.

It was an exercise where, for the first time, soldiers went thirsty or hungry and ran out of ammunition unless the logisticians actually got supplies to them.

To achieve even this limited aim, effective defence required every available assistance from within the civil infrastructure - including the active support of the public.

Although the exercise fell well short of actual mobilisation, it used to the full the railways, Telecom, road transport companies, Qantas and the civil air lines as well as local petrol suppliers and bakers.

This latest seminar, organised by Dr Desmond Ball and Colonel Joel Langtry in conjunction with the Defence Department, is investigating the way ahead for the timely concept that a small standing army must rely on the co-operation and integration of the civil infrastructure and the civil community.

It is not a new idea. Countries such as Israel are far more advanced in the incorporation of their national assets into the military, with every truck and tractor and civil airliner having a military as well as a civil role.

But in Australia, the task is more difficult, involving the harnessing of the transport, communications and supply

resources of a far flung and under-populated nation - especially in the more remote and mineral rich areas of the north and north west.

These areas present themselves as the most vulnerable, and it was here that many lessons were learned during the recent exercise.

During the five-day seminar, experts will look at the legal and logistical problems of involving local populations in support of the armed forces as well as matters such as aviation, road transport and the security of vital and vulnerable points.

Most importantly, the seminar will address itself to mobilising the support of the public at large - educating them to think of themselves as part of a national defence effort - with every garage a possible military repair facility, every airliner a possible early warning aircraft, and every Australian acting as the ears and eyes of their own defence forces.

It is an imaginative and realistic concept that deserves every support. But as seminar organiser Dr Ball says... "It is a two way bargain, with the Government having to take the average Australian into its confidence if it expects him or her to take their rightful place in the defence of this vast and unique continent."

Regional Defense Responsibilities

Canberra THE AUSTRALIAN in English 2 Dec 83 p 3

[Article: "Defense Expert Shatters Our Delusions of Security"]

[Text]

A DEFENCE studies expert has warned it is a "delusion" to imagine Australia is safe from invasion or war.

Dr Tom Millar, head of the Strategic and Defence Studies Centre at the Australian National University, told a conference in Canberra yesterday the concept of "no foreseeable threat for 10 years is so absurd as not to warrant comment".

"It is a self-delusion based on reluctance to make sacrifices or spend money in advance of an actual demand. It is a gamble which we know will usually pay off but one day may not," he said.

Dr Millar said it was only six years from the time Hitler became Chancellor of Germany to the time he launched a world war that killed more than 40 million people.

While the Australian Defence Force was now planning for low level situations such as a raid on a mine, oil rig or coastal facility, this could become more serious within a matter of days, or even hours.

Dr Millar said Australia's foreign commitments could easily involve it in war. These included:

AN assurance to Thailand under the South-East Asian collective defence treaty which might involve defending Thailand against Vietnam.

UNDER the Five Power Defence Arrangement, Australia would have no alternative but to help in the defence of Malaysia and Singapore.

THE ANZUS treaty compels Australia to defend US facilities at North West Cape, Pine Gap, and Nurrungar.

"We are part of the West in the East-West strategic balance, and it would be foolish to

think that something could happen to that balance in Europe, the Middle East, Central America or the western Pacific in which we could be certain of not being involved," Dr Millar said.

He said that if Papua New Guinea were under threat, Australia would have to help.

Australia has been, and could be in future, involved in UN peacekeeping forces.

Probabilities

"It does not seem at all probable that Australia will be attacked or invaded by a major power within the next few years ... but there is nevertheless a range of situations in which our armed forces have been or might be needed," Dr Millar said.

"We have to look at the whole international climate — global as well as regional — and as is obvious to all there are very disturbing aspects to that climate."

Dr Millar said Australia should expect a maximum of three years warning of a threat to its security.

But the defence forces at present levels could not prepare quickly enough for these contingencies, he said.

The Government should step up recruitment of reservists, and try to integrate the reserves and regular forces into a solid defence force.

Dr Millar was speaking at a conference on the civil infrastructure in the defence of Australia.

In another paper, the Minister for Aviation, Mr Beazley, said domestic satellites from 1985 would provide a highly reliable communications system in a national emergency.

CSO: 4200/292

NUCLEAR WASTE PROPOSAL COULD BECOME ECONOMIC BOOST

Scientist Cites Economic Advantage

Canberra THE AUSTRALIAN in English 30 Nov 83 p 7

[Article by Jane Ford]

[Excerpts]

SHROUDED beneath the emotive slogans, anti-nuclear demonstrations and political infighting over uranium are two very basic questions.

Can nuclear wastes be disposed of safely and is it possible to stop the diversion of plutonium into nuclear weapons from the reprocessing of spent nuclear fuel?

In Australia, Professor Ted Ringwood, director of the Australian National University's Research School of Earth Sciences, believes he has the answer - both to safe disposal and nuclear proliferation - with his own specially engineered synthetic waste form, Synroc.

This actually incorporates the high-level nuclear wastes into its crystalline structure, immobilising them for millions of years.

The original Synroc, which consists of three naturally occurring minerals - zirconium, perovskite and hollandite - was developed to handle reprocessed high-level wastes but Professor Ringwood has now developed a new form, Synroc F.

This can incorporate spent fuel which has not been reprocessed to remove plutonium and, according to Professor

Ringwood, is extremely stable and leach-resistant and a major step in the fight against nuclear proliferation.

This would mean the untreated waste would be incorporated directly into Synroc which would be tightly sealed in stainless steel canisters and then buried up to 4km underground in drill holes in areas of impermeable rock, well below the regions normally affected by groundwater.

Professor Ringwood points out that Synroc, unlike borosilicate glass, is highly resistant to leaching by groundwater and very resistant to high temperatures and pressures.

He estimates that one drill hole, 1m in diameter, could hold all the nuclear waste produced in Britain over a four-year period.

The holes would be sealed and it would be virtually impossible to retrieve the waste, so eliminating the possibility of the plutonium ever being extracted and used for nuclear weapons.

Professor Ringwood admits it is an expensive way of handling nuclear waste, as the relatively valuable plutonium would be lost forever, but thinks it offers the best answer both to disposal and proliferation questions.

"A moratorium on reprocessing for two or even three deca-

des would not seriously deplete world uranium reserves, but might provide a breathing space in which to develop technologies or institutional structures with a greater potential to inhibit the diversion of plutonium into the manufacture of weapons," he says.

He believes large quantities of spent fuel stored in one large, relatively shallow underground repository will provide a "lethal temptation" to future generations.

"The fuel could readily be rediscovered and excavated, particularly after a few hundred years when the fission products had decayed. They could then be reprocessed to recover plutonium with the additional incentive of very large tonnages of copper or other valuable metals in the canisters."

He argues that with Synroc Australia could set up its own nuclear industry including reprocessing, enrichment, fuel fabrication and waste disposal facilities, handling wastes from our own uranium exports and burying them deep in the Australian outback.

He believes this would be a significant step by Australia towards cutting back the chances of nuclear proliferation as well as providing a major economic boost.

"The Synroc strategy of waste disposal has been spe-

cifically designed to meet the 'public acceptability' criteria. The waste form is made of minerals which are known to have survived in nature for many millions of years, despite very high radiation doses and extreme geochemical conditions," he says.

But some are not so sure about Synroc. They admit that potentially it offers a far superior waste disposal method to borosilicate glass but point out that it has not been tested with real radioactive waste and, as such, is an untried technology.

A commercial sized demonstration plant to prove the feasibility of Synroc is under construction at the Atomic Energy Commission's Lucas Heights site near Sydney but even this will only use simulated nuclear waste, although one very small-scale test with radioactive waste is planned.

Detractors say even if it was proved technically sound, it would take many years to scale up to a commercial stage and in the meantime it is likely most countries will have opted for glass storage in shallow-mined repositories. Synroc could not provide an answer until the 1990s at the earliest by which time most countries would have had to solve their waste problems.

The US has already tested one form of Synroc, Synroc D, for military wastes and re-

jected it in favor of glass. In other countries acceptance has not been rapid, possibly because of the enormous investment already put into glass technology.

But interest is growing and Britain, Germany and Japan are investigating Synroc on a small scale, and Professor Ringwood believes this is good start towards more widespread adoption of the technology.

He believes Australia should be the first to take up the new technology, develop its own nuclear industry and reap the commercial benefits.

"We could make an important contribution to improving the nuclear fuel cycle's safety by producing a superior high-level nuclear waste form, by reducing the potential problems associated with proliferation of plutonium. And by further delaying the introduction of the plutonium economy. In addition, we would create new high-technology industries in this country which would provide employment for tens of thousands of people."

These arguments are likely to fall on deaf ears in a government which is already fighting a tough battle on the question of the mining and export of uranium let alone a fully fledged nuclear industry.

Report Urges Government Funding

Canberra THE AUSTRALIAN in English 30 Nov 83 p 9

[Article by Jane Ford]

[Text]

AUSTRALIA should become the base of a multi-billion dollar nuclear fuel industry, servicing the entire western Pacific region as well as other nuclear nations, according to a controversial report circulated to all MPs.

The report recommends establishing a \$4000 million nuclear fuel cycle centre, owned by a consortium of western Pacific nations, and housing enrichment, reprocessing, fabrication and waste-disposal facilities. A fuel fabrication plant would cost a further \$250 million.

The report argues this would greatly reduce the risk of nuclear proliferation in the region as well as ensure long-term uranium export contracts for Australia. It would mean the development of a new, high-technology industry with the capacity to create thousands of jobs.

The proposal has been submitted by an Australian expert on nuclear waste disposal, Professor Ted Ringwood (the developer of the new synthetic waste form Synroc) and circulated at the request of the Minister for Trade Mr Bowen.

Professor Ringwood estimates the centre would be able to generate more than \$1500 million a year.

He argues such a centre would allow Australia to keep a tight rein on nuclear development in the region, ensuring strict nuclear safeguards, deterring nuclear proliferation, and exerting a strong influence on nuclear policy.

He says Indonesia already is building a big nuclear research centre, which will include a reactor using enriched uranium, a plant to produce reactor fuel elements and a waste management facility.

Immobilising

This should be completed by 1989, and is probably only the first stage. The extent of the facilities suggests Indonesia plans to develop advanced nuclear technology.

"It should be recognised that if Indonesia chose to withdraw from the Non-Proliferation Treaty in the 1990s, she would then possess the capacity to produce nuclear weapons within a relatively short interval, possibly less than four years," he said.

Professor Ringwood proposes the high-level waste left after reprocessing could be incorporated in Synroc - a stable synthetic rock capable of immobilising high-level nu-

clear waste for tens of thousands of years.

A commercial-sized Synroc demonstration plant is being built at the Atomic Energy Commission's Lucas Heights facility near Sydney.

Professor Ringwood suggested that canisters of Synroc could either be returned to their country of origin or buried in deep-drilled holes in Australia.

"This may strike emotive chords, but should nevertheless be considered on its merits and on the basis of technical evidence relating to safety. Australia possesses considerable natural advantages over many nuclear countries, such as Japan, for the disposal of high-level waste."

He stressed Australia must face reality. Lack of Australian uranium would not affect the development of nuclear industries in other countries.

"A refusal to supply Australian uranium to the world market would be an empty gesture. It would not have any influence whatsoever on the commitments of many foreign countries to nuclear power; its only effect would be to increase the pressures for ultimate development of fast-breeder reactors and the plutonium economy."

CSO: 4200/292

NEW URANIUM DEALS INDICATED

Canberra THE AUSTRALIAN in English 30 Nov 83 p 1

[Article by Paul Molloy]

[Text]

THE Federal Government seems certain to allow new uranium export contracts next year after the acting Prime Minister, Mr Bowen, announced yesterday that the owners of the Ranger mine "still can" negotiate further contracts.

Referring to reports that Energy Resources of Australia had negotiated contracts worth more than \$500m with three US power utilities, Mr Bowen said the company was "anxious" to negotiate further contracts.

"So it still is and so it still can, that's the important part," he said.

Mr Bowen denied reports he had failed to gain Cabinet approval for the three contracts valued at \$547 million at a meeting on November 1.

"That is completely erroneous," he said. "The only opposition given to Cabinet at the time was that ERA had two specific contracts and the Government, of course, approved those contracts which caused a fair amount of controversy."

Mr Bowen's support for the negotiation of further contracts and a later indication that Australia would sell more uranium when the market price had increased above present levels is despite a decision by Federal Caucus on November 7 that no new mines or contracts would be allowed pending an inquiry into the industry by the Australian Science and Technology Council.

It is apparent the Government is confident the ASTEC report will not jeopardise further expansion of the industry.

Mr Bowen made it clear the low price of uranium was the major barrier to the expansion of the Australian industry.

The spot price was about \$10 a half kilogram below what the Government considered as "an effective floor price".

Additionally there were already 100,000 tonnes of unsold uranium in existing mines with little chance of it being sold in the next eight years.

CSO: 4200/291

EDITORIAL CRITICIZES PARTY URANIUM POLICY

Canberra THE AUSTRALIAN in English 30 Nov 83 p 6

[Editorial: "Labor Must Make Up its Mind on Uranium"]

[Text]

DOUBTS about the Federal Government's long-term intentions as to the future of uranium mining are causing increasing confusion. Unless the self-contradictory ambiguities of the Labor Party's uranium policy are soon removed, the result will be a loss of confidence by the mining industry and a dangerous sharpening of divisions within the ALP itself.

This week the chairman of Pancontinental Mining Ltd, Mr Tony Grey, claimed with complete justification that the Government's position is "so contradictory it is impossible to understand". As he put it: "On the one hand, the policy claims that uranium development is dangerous, but on the other hand allows two existing mines and one new mine to exist."

Mr Grey's concern is no doubt shared by other representatives of the mining industry. They have reason to fear that at some as yet unspecified time the Government will put into effect the ALP policy calling for the "phasing out" of uranium mining and that substantial investments will be thereby devalued and overseas markets will be lost.

While Labor policy retains its present vagueness, investors are likely to be hesitant about risking their capital in Australia and potential miners could be reluctant to undertake commitments which would be

ruinously costly if the "phasing out" were to be brought into operation. In the meantime, according to Mr Grey, "we lose uranium sales and our market share to foreign uranium producers... who are not constrained by a quixotic policy".

At the other end of the spectrum of opinion on uranium there is the same dissatisfaction. Last weekend the Victorian ALP conference voted, by an allegedly diminishing but still handsome majority, for steps to be taken to put an end to the Australian uranium industry. At the same time it censured those members of federal Caucus who had supported the Government's proposals on Roxby Downs.

While the Western Australian branch of the Labor Party has not made evident the same degree of bitterness as shown by the party members in Victoria, the decision it has taken is no less hazardous to the federal Cabinet's position. In calling for the setting of a timetable for uranium mining to be "phased out", it has drawn attention to the absurdity of present Government policy. It is clearly nonsensical to approve of the opening of what is likely to be the biggest uranium mine in the world while insisting the entire industry is in the process of being phased out.

It is apparent to the most casual observer that the ALP is deeply

divided on this issue. And it is not a question amenable to compromise. The decision taken by last year's national conference purported to be a compromise but has settled nothing, even though it did allow Labor's difficulties over uranium to be kept in harmless obscurity during this year's election campaign. But it is impossible to devise a policy which claims simultaneously that nuclear energy is a threat to mankind's survival and that uranium will be the basis of a profitable and desirable Australian industry.

For as long as the ALP has not resolved the question, those who

support and those who oppose uranium mining will be equally disenchanted. And, until Labor's highest authority, the national conference, has put the matter to rest, doubts and divisions will continue to grow.

The prospect of an early national conference is understandably unattractive to a party which does not wish to have its internal schisms displayed in public. But this is a bullet which has to be bitten. The sooner this unwelcome task is faced, the sooner the Government will be able to tell us all where it stands on one of the most controversial issues facing the Australian people.

CSO: 4200/291

FEDERAL GOVERNMENT CONSIDERS CONCESSIONS IN URANIUM FIGHT

Canberra THE AUSTRALIAN in English 1 Dec 83 p 1

[Article by Peter Logue and Peter Blazey]

[Text]

THE Federal Government is considering offering a number of concessions to head off a protracted party fight over uranium in the months leading up to the national ALP conference in July next year.

The Prime Minister, Mr Hawke, acknowledging that uranium is the most difficult issue facing his Government, yesterday indicated plans to negotiate with the Northern Land Council to incorporate two proposed uranium mines — the \$650 million Jabiluka project and the \$150 million Koongarra development — into the Kakadu National Park.

Informed party sources said other concessions could be outlined at a meeting of the ALP national executive in Canberra on Monday.

It is understood the concessions would include expanding the terms of reference of the Blatyer Inquiry into the nuclear fuel cycle to include the controversial topic of mineral sands, and to include an investigation into the likely occupational hazards for workers at the proposed Roxby Downs uranium mine in South Australia.

Pro-uranium forces in the Government have been working over the past week to head off an argument at the finely balanced 18-member national executive next Monday.

The executive is made up of two elected representatives of the six States, one each from the Northern Territory and the ACT, and the four parliamentary leaders.

It is understood that the government was at one stage so concerned about the numbers that strong pressure was applied for the Deputy Prime Minister, Mr Bowen, to delay his departure at the head of a trade delegation to the Middle East, scheduled for tomorrow morning.

Sources said that at least four people approached the pro-uranium Mr Bowen to dissuade him from leaving. Mr Hawke was contacted overseas at least once and informed of the dilemma.

Eventually the pro-uranium numbers men agreed that it was not necessary for Mr Bowen to delay his departure. Despite that, Monday's meeting of the executive — the supreme body interpreting ALP policy — promises to be a serious game of cat and mouse between those who oppose uranium outright, those in favor of new contracts for existing mines, and the unlucky few sitting on the fence.

These fence sitters, particularly those who for political reasons support the Roxby Downs mine but not new contracts, and those in strongly anti-uranium States, have been under intense pressure.

Considerable tactical work will be done over the next 48

hours on the motions to be presented, but there will be at least one from the Victorian left of the party and one from Queensland.

Sources on the left said they would move that the Government take no action on the Caucus uranium decision until the ALP national conference next July.

But they conceded that because this motion would prohibit further development on Roxby Downs for the next six months it was likely to be defeated 10-7.

A Queensland delegate will move that the debate on uranium be allowed to continue within the party pending a full-scale debate at the national conference. This is likely to be defeated 9-8 because the Government does not wish the uranium issue to fester publicly until the conference.

Sources said the proposed concessions were aimed at appeasing the party in Western Australia and South Australia.

The Victorian representatives, in the wake of last weekend's angry conference on uranium, were believed to be still considering what form their motions would take.

The moves to incorporate Jabiluka and Koongarra into Kakadu were revealed by Mr Hawke in Darwin yesterday.

Since he announced the park a fortnight ago, the Aboriginal traditional owners have instructed the Northern Land Council to press for the development of the two mines,

which would earn them more than \$240 million in royalty and rental payments.

Mr Hawke said he had talked to the newly-elected chairman of the NLC, Mr Gallawry Yunnupingu, on the subject when he was in Darwin on the way to CHOGM in New Delhi.

"I wouldn't expect there would be insuperable difficulties," he said.

Mr Hawke said he would not discuss the question of whether the Aborigines would be offered compensation for the loss of the proposed mines.

The Minister for Aboriginal Affairs, Mr Holding, and the Minister for Home Affairs and Environment, Mr Cohen, are expected to begin negotiations on the future of the two areas after Saturday's Northern Territory election.

Mr Hawke said it was his very firm belief that when the uranium issue was debated at the ALP national conference the existing position would be endorsed.

He acknowledged that uranium was the most important issue facing his Government — but it was unimportant in the Northern Territory.

He said he was "unconcerned" by the vote of the Victorian special conference of the ALP last weekend.

He found it "significant" that the supporters of his uranium policies had increased their numbers in the Victorian branch of the party.

¹ The vote on the decision to censure Victorian Caucus members for the November 7 decision to let Roxby Downs

go ahead was 250 to 170: "It's a better vote than in the past, when it's been about 0," Mr Hawke said.

"I don't want to go into details, but obviously there's a significant section of the party in Victoria which previously had a particular view but now says, well, the decision has been made and we must support the Government."

Mr Hawke strongly repudiated suggestions that it was in his interest for Labor lose badly in the Northern Territory elections, thereby strengthening his pro-uranium stance.

He said he had come to the Northern Territory to help the Labor Party win.

In federal Parliament yesterday, the Opposition challenged the accuracy of the uranium market forecast which formed the basis for the Government's decision to limit uranium mining in Australia.

The Senate Opposition leader, Senator Fred Chaney, said that even the experts could not agree what world demand for uranium would be through to the 1990s and yet the Government had apparently relied on one estimate which supported its political position.

The Government leader in the Senate, Senator Button said that forecasting future demand for uranium for nuclear energy generation was a very hazardous enterprise.

Projection of future demand depended on wide-ranging factors.

CSO: 4200/291

TRADE UNION COUNCIL OPPOSES ROXBY DOWNS MINING

Canberra THE AUSTRALIAN in English 1 Dec 83 p 1

[Text]

A FIVE-day meeting of the executive of the ACTU in Melbourne next week is expected to call a conference of federal unions in an effort to block the Roxby Downs mining project in South Australia.

The conference is one of a range of industrial options aimed at stopping Roxby Downs, the world's biggest uranium mine.

The president of the ACTU, Mr Dolan, said after the federal Labor Caucus recently voted 55 to 44 to go ahead with mining at Roxby Downs that the unions would look at ways to implement ACTU policy of opposition to the uranium industry.

Union leaders predict next week's executive meeting, beginning on Monday, is likely to see the first big clash between the ACTU and the Federal Government over the uranium issue, with the executive expected to be harshly critical of the Caucus decision.

However, not all unions are opposed to the decision.

Operation

The federal secretary of the Miscellaneous Workers Union, Mr Ray Gietzelt, said he was satisfied from his union's point of view.

He said the decision enabled two existing uranium mines, Nabarlek and Ranger, which were mainly operated by members of his union, to continue operation.

Not one union affiliated with the ACTU had implemented the council's uranium policy since it was declared in 1979, Mr Gietzelt said.

A review of the ACTU wages policy, keyed to the new wage-fixing guidelines and the prices-and-incomes accord, will be another vital discussion area for the executive.

The secretary of the ACTU, Mr Bill Kelty, said the council would give a commitment reflecting important features of the accord.

He said that in return for a union commitment to the principles, the ACTU would demand a similar commitment from employers, the Federal Government and the relevant wage-fixing tribunals.

CSO: 4200/291

EDITORIAL WARNS OF 'DANGERS' IN CAPITAL FLOOD

Canberra THE AUSTRALIAN in English 1 Dec 83 p 6

[Editorial: "Government Must Hold Firm Against Money Flood"]

[Text] THE take-off in the share market, the success of the Federal Government's fund-raising program and the continuous downward trend in interest rates would come as no surprise to anyone who has watched closely the flood of money into Australia.

Our official foreign exchange reserves — the measure of our international solvency — have reached a record \$12,000 million mainly as a result of the deluge of funds from overseas.

All that money has had to go somewhere and in the main it has gone in to Government paper, the share market and other loans. This inflow is, in turn, a reflection of the country's standing in the rest of the world; its relative political stability and high interest rate levels.

This is all to the country's good as long as the inflow is sustained or is, at least, in balance with outgoings. It is now clear that Australia has become a refuge for Asian funds, particularly from Hong Kong, where the future of the former British colony is uncertain.

But it has to be said that there are real dangers in the flood of capital for the future of the Government's monetary policies. The first, which seems unlikely at this stage, is that the money — or a substantial proportion of it — could flow out just as rapidly as it has come in.

The second is the threat to the Government and the monetary authorities' ability to control the money supply and future inflation and interest rates. Already the rate of money supply growth in the economy is outrunning the target rate for this financial year of nine to 11 per cent. It is presently around 13 per cent.

There is still plenty of time for the monetary authorities to bring this rapid growth in the money supply under control before June next year and the tax-rundown period in the second half of the financial year will help. But it is also clear that the Government, despite having virtually funded its deficit and roll-over needs, will have to remain in the market for funds in the second half of the year.

It will require very sound management from the Government and the monetary authorities to ensure that their economic plans do not go astray in the new calendar year. Despite recent signs that the wider economy is improving, there is no doubt that it is still in a fragile state. Any uncertainties on the monetary front in the months ahead could threaten that recovery.

It is to be hoped that the Government is aware of the dangers ahead and makes no move to retreat from its present sound and tough economic stance.

AUSTRALIA

QANTAS LOSSES, COST CUTTING MEASURES REPORTED

Canberra THE AUSTRALIAN in English 2 Dec 83 p 1

[Article by John Spiers]

[Text]

QANTAS' \$34.3 million loss for 1982-83 announced yesterday brings its cumulative loss on airline operations during the past four years to over \$122 million.

But its chairman, Mr J.B. Leslie, said a staff reduction of more than 2200 to 11,364 — bringing the airline back to 1969 staff levels — combined with intensive cost-cutting and aggressive marketing, would result in break-even or a small profit in the year ending March 1984.

"We are now a leaner, tougher and smarter airline."

"One of the most significant achievements has been a dramatic reduction in the break-even seat factor from 70 per cent four years ago to 56 per cent today," he said.

Mr Leslie said the cost-cutting and extra freedom allowed Qantas by the Government left it poised to take advantage of any economic recovery, although this appeared to be some way off.

He confirmed that Qantas was matching competing international airlines with unofficial under-the-counter discounts on fares in an effort to win an increased market share, but declined to comment on how much revenue this was costing.

Services on several routes, particularly to Japan and trans-Pacific, might be re-organised and discussions would be held soon with British Airways and Singapore Airlines.

Mr Leslie said that with the world airline industry losing about \$US2000 million in 1981 and 1982, Qantas had been unable to produce operations profits in the "dismal" economic climate, but had performed better than many others.

"Until a general economic recovery occurs around the world, the aviation industry will remain in the doldrums," he said.

Qantas and its wholly owned subsidiaries incurred a group loss of \$34.3 million, although

losses on airline operations were \$47.6 million, abnormal operations lost \$22.6 million with voluntary staff separation costing \$24.7 million.

Profit on the sale of assets, including its old Chilley Square headquarters, amounted to \$43.6 million.

Despite the cost-cutting, expenditure rose by 17.7 per cent to \$1330 million while revenue increased by 15.9 per cent to \$1292 million.

It increased kilometres flown by 7.8 per cent, and the number of passengers carried by 9.1 per cent, but revenue load factor dropped 5.1 per cent and cargo tonne kilometres by 3.9 per cent.

Last year, Qantas made a profit of \$63.4 million, due wholly to profits from sale of assets. It lost \$24 million on airline operations.

Mr Leslie said the Government's injection of \$60 million into Qantas in May reduced its "cripplingly high debt ratio", with 1982-83 interest and lease charges on aircraft reaching a \$65.9 million.

CSO: 4200/291

CHINESE INTEREST IN ORE MINE REPORTED

Canberra THE AUSTRALIAN in English 2 Dec 83 p 10

[Article by Don Kirkwood]

[Text]

CHINA is considering the unprecedented step of taking a direct interest in an Australian iron ore mine to ensure its sources of supply until at least the end of the next century.

Several senior Chinese technical delegations have visited Australian iron ore mines in the Pilbara region of Western Australia during the past three months, culminating in a visit in the past two weeks by a delegation from the China Metallurgical Import and Export Corp.

This delegation visited every major mine and the headquarters of every major iron ore miner in Australia.

China wishes to ensure regular supplies of iron ore from Australia. It has previously been a small customer from both the Mt Newman and Mt Tom Price mines, but it anticipates a much greater rate of domestic production in the medium to long-term future.

Until recently, exports to China of pig iron from the Broken Hill Proprietary Co Ltd's Kwinana steel plant were the sole reason for keeping that plant in operation.

Kwinana was supplying about one million tonnes of

pig iron a year to China until it was placed in mothballs last year.

Its recommissioning, on the basis of the Chinese connection, is extremely improbable.

That is because China has established its own pig iron manufacturing facility and now needs raw materials rather than semi-finished products.

And while the Chinese delegations have visited every existing and prospective mine, BHP must be considered a leading contender for a major long-term contract and eventual development of a new mine.

In the immediate future, the chances must be that any Chinese requirement could easily be met from existing mines.

Both Mt Newman and Hamersley, the two largest iron ore miners in the world, are operating at well below their full capacity.

Each mine can produce over 40 million tonnes of iron ore a year, and yet they are at present producing at only about 30 million tonnes a year.

But towards the end of the decade, a new mine will probably be required and BHP will be in the fortunate position of having two possible new low-cost projects on its hands.

The first is the Deepdale mine near Robe River in WA.

Infrastructure for the Robe River mine, including a port, railway and township, have already been built and BHP owns a share of them.

Deepdale adjoins Robe River and, because the infrastructure has been established, the cost of developing the mine would be far less than that of a grassroots development.

Thus Deepdale would probably cost about \$500 million to bring on stream, whereas a major new mine could cost at least \$1000 million.

There are similar economies involved in the possible development of the Goldsworthy Mining Associates' Mining area.

Area C could use some of the existing Mt Goldsworthy infrastructure, and so there would be savings advantages similar to those at Deepdale.

BHP has supplied the latest delegation with a great deal of information on the legal, technical and financial aspects of establishing a new mine, and on writing major long-term contracts.

Whatever the final form of the relationship, a major new Australian trading link is in the process of being formed.

TIMOR MAY BE PAWN IN SEA BOUNDARY TALKS

Melbourne THE AGE in English 30 Nov 83 pp 1, 7

[Article by Michael Richardson]

[Text]

SINGAPORE, 29 Nov. — The Australian Government may soon have to decide whether to give de jure recognition to Indonesia's incorporation of East Timor.

The opinion has taken on a new significance following a statement by Indonesia's Foreign Minister, Dr Mochtar, that his Government hoped to resume negotiations in January with Australia over the disputed maritime boundary known as the Timor Gap.

Experts on international law say any agreement reached by Canberra and Jakarta on the seabed boundary would entail formal acknowledgement by Australia that East Timor is a part of Indonesia.

Some experts say that even a decision by the Australian Government to open negotiations with Jakarta on the unsettled section of the continental shelf border would involve de jure recognition.

The need for Canberra to finalise the boundary with Indonesia has become more pressing following the recent Jabiru oil find off Australia's north-west coast and the belief that the bonanza discovered by the BHP-led consortium may be part of a major new oil province extending to other parts of the Timor Sea, including disputed areas in the Timor Gap.

The Federal Minister for Resources and Energy, Senator Walsh, told Parliament last month that the Jabiru well was 200 kilometres away from the area of disputed sovereignty between Australia and Indonesia.

But Australian and foreign oil companies with exploration permits in or close to the disputed zone want security of tenure before they undertake major expenditures.

The issue of de jure recognition is likely to be a controversial and difficult one for the ALP.

The Government will have to balance continuing concern within the party over Indonesia's invasion of East Timor in 1975, and its subsequent annexation, against Australia's interests in maintaining good relations with its giant neighbor and guaranteeing conditions for development of a new off-shore field that could turn Australia into a net oil exporter.

The Foreign Minister, Mr Hayden, is known to have discussed the possibility of resuming negotiations with Indonesia over the Timor Gap when he was in Jakarta last weekend.

At a joint press conference after the talks, Dr Mochtar said the two sides hoped to "resume talks on a technical level in the latter half of January".

The Fraser Government held four inconclusive rounds of talks with Indonesia on the Timor Gap. The last was in October, 1981.

Australia and Indonesia signed an agreement in 1972 drawing the maritime boundary on both sides of the gap. East Timor was then under Portuguese control.

Since then, tension over Timor between Australia and Indonesia and a toughening of Jakarta's negotiating position has prevented the boundary from being finalised.

The agreed boundary, on either side of the gap, is much closer to Indonesia territory than to Australia.

It and roughly follows the line of the Timor Trough, a deep depression on the seabed between 30 and 50 nautical miles from the south coast of Timor Island.

Australia argues that the trough is a natural divide separating the wide Australian continental shelf from the narrow Timor shelf, and that the disputed section of the border should be closed with a straight line.

Jakarta argues that the continental shelf between East Timor and Australia is continuous and that the boundary should be drawn equivalent from the two shores.

It conceded by Canberra, this would mean the loss of thousands of square kilometres of promising oil and gas areas, although observers believe that with goodwill on both sides a mutually acceptable compromise would be possible.

CSO: 4200/291

IMPACT OF U.S. 'RECOVERY' ON NATION

Jakarta BUSINESS NEWS in English 16 Nov 83 p 2

[Editorial: "The U.S. Economy and Indonesia"]

[Text]

Belief is very strong now that the US economy has recovered from the recession and is leading towards improving growth. Therefore the prospect of our export commodities such as rubber is on the rise and there is optimism about the prospect of non-oil/gas exports. Is the strong notion true? Is the view also true that the US economic "recovery" will have a positive and direct impact on our economy?

First of all we should deal with the US economy itself. Based on the indicators normally used to gauge the economic level, the above view seems to be valid. Stagflation, i.e. production stagnation and high inflation, has been overcome. The growth of the US Gross National Product in 1983 is expected to reach around 6 percent while double digit inflation has been reduced to only a single digit rate.

Prof. Paul McCracken in the recent IAFEI congress here for instance, disclosed statistical data of 1983 and compared them with the average history from 1954 to 1975. According to McCracken a cyclic expansion has taken place in 1983 in the form of high growth rates for industrial production (18.4%), salaries in real terms (9.4%) and retail sales (8.5%). Such an optimistic view of McCracken is questioned by Dr. Adrianus Mooy (deputy chairman of Bappenas), who describes the US economy as facing various problems like budget deficits and the high prime rate.

The TIME magazine in its November 7 issue reveals the pessimistic opinion of a government official. Dr. Martin Feldstein, chairman of the board of economic advisers to the US President, stresses his fear of the high US budget deficits worth around 200 billion dollars. The deficits constitute 6.1% of the US GDP. Dr. Martin Feldstein, who was professor of public finance at Harvard University before assuming the present post, stated this before the budget commission of the US congress.

Naturally nobody in the Reagan administration wants to see such a high level of budget deficits. But the question is that it is politically difficult to reduce the budget. The Reagan government now directly involved in the wars in Lebanon and Grenada finds it impossible to decrease its military budget. Meanwhile the budget for welfare such as social security can no longer be lowered because it will be strongly opposed by the Democratic Party.

The only way of reducing the deficits is to increase taxes. But here again the fact should be taken into account how general elections will get underway in 1984. It is not popular for Reagan, who will almost definitely enter presidency for the second time, to raise taxes under the atmosphere of polling. Hence it seems that the huge budget deficits will be "left unscathed". As a result, the prime rate will find it hard to decline and the cost for new investments will remain expensive.

If new investments fail to increase as fast as the growth rate for 1983, this growth rate in turn will inevitably go down in the subsequent years.

Martin Feldstein's view certainly is not the only one acceptable by logic. The optimistic thoughts of McCracken and Treasurer Donald Regan also bear acceptable logic. The fact that the lowering of inflation does not increase unemployment, as explained by Philips Curtis for instance, serves as "evidence" of the truth of the priority of checking inflation in Reagan's policy.

But what is the consequence for Indonesia if McCracken's "optimistic" scenario or Feldstein's "pessimistic" scenario happens? It is most likely that the view of Ambassador Hasnan Habib, who

voiced his optimism when reporting to the head of state that the US recovery will favour Indonesia's economy, is true.

Nevertheless, the impact of the US economy on Indonesia is manifested in various forms of which non-oil/gas exports are only one. Other forms are the level of US investments in this country, the US role in different multilateral bodies (e.g. the World Bank, IGGI, IMF) and US - Indonesia bilateral relations in the economic and political sectors.

Feldstein's "pessimistic" opinion and McCracken's "optimistic" view for example, both come from the school which does not deem it necessary to increase foreign aid and restructure international trade ties towards better guaranteeing third world commodities and manufactures. For us, the efforts that require further boosting, with or without US "recovery", apparently involve the promotion of more effective methods in struggling for a New International Economic Order.

Jakarta, November 15, 1983

CSO: 4200/294

STRICT ENFORCEMENT OF TAX LAWS EXPECTED TO EQUALIZE INCOME DISTRIBUTION

Jakarta BUSINESS NEWS in English 18 Nov 83 p 2

[Editorial: "Taxation and Equity"]

[Text]

With the determination to increase domestic tax collection, and to this end the government has submitted a taxation bill, different reactions arise, questioning the various aims of the tax system. Businessmen inquire whether the new system can stimulate the development of business operation, provide incentives for capital investments. Small scale business and cooperatives circles ask whether the new law gives them sufficient protection and provide them with special facilities. Political and social figures wonder whether this system can improve the pattern of income distribution now considered less supportive of equity goals.

In fact, too much is expected from the new tax system. Nevertheless, the expectations, questions and doubts expressed by the various circles in society are only natural and legitimate. If the public are obliged to sacrifice (by paying taxes) a lot more, then they have the right to question what the social benefit of their burden and sacrifice really is.

Viewed from the angle of government interest, it seems that the main aim is to collect as much money as possible, naturally within the limits of the prevalent situation and condition. Indonesia is a developing nation with moderate income; without crude oil Indonesia may still be categorised into low income developing countries. Normally the modern sector (except crude

oil) is not strong enough yet to bear the greater portion of the burden. For instance, industries cannot as yet support, or subsidise, the growth of agriculture. Hence the taxes to be borne by agriculture, by the public at large, remain big. Since the different social levels cannot be subjected to the income tax with the method applied to the modern sector (e.g. by filling out SPT), indirect taxes especially the sales tax, import duty, excise etc. are imposed on them. These taxes are not so progressive, even frequently are regressive (the burden falling relatively on financially weaker taxpayers). So it may be said that indirect taxes are "anti-equity" in nature. To certain extents different sales tax rates can still be introduced in order to include the element of progressivity. For example, the excise on clove cigarettes is lower than that on ordinary cigarettes; the sales tax on luxuries (e.g. sedans) is higher than ordinary rates.

Progressivity can be better introduced to direct taxes, notably the income tax, at least theoretically. But in the developing countries, tax administration and discipline are still weak, in practice only very few people pay high progressive rates. In advanced countries the highest progressive rate can reach 90%, and is feasible.

Therefore, the Indonesian government chooses the tactic of lowering income tax rates, but expects to collect more by stricter enforcement. If this goal can really be achieved in practice, it is not appropriate to criticise that the highest rate of 35% is "unfair", compared with the previous rate (50%), because under the high marginal rate many taxpayers evade payments.

If the question involves tax collection and enforcement, why not just leave it to the old system and improve the administrative side? The answer probably lies in the government conviction that if the system is changed and tax rates are lowered, bigger sums will be yielded than if the system is strictly enforced. Tax reduction can be seen as a "consolation" by taxpayers who will later have to pay more.

Then, how to achieve the objective of equity ? The government now apparently sticks to the principle that the more basic means of regulating the economy (growth, equity, etc.) is expenditure (budget), rather than revenue (taxes). This principle poses a greater burden and responsibility to departmental tasks, and various central government programs (e.g. different presidential instruction schemes) to induce more equitable distribution of public income.

Jakarta, November 17, 1983

CSO: 4200/294

TARGET OF INVESTMENTS IN FORESTRY SECTOR

Jakarta BUSINESS NEWS in English 18 Nov 83 p 3

[Text]

The target of capital investments in the forestry sector has been set at around US\$ 220 million/year in the coming years. The total of capital investments within the coming five years (Pelita IV period) is expected to reach over US\$.1.1 billion, mostly for the development of the integrated forestry industry.

The investment of foreign capital in the forestry sector within the next five-year period will be orientated to activities requiring big capital, high technology and high management and special forestry industrial field, such as pulp and rayon as well as pulp and paper industries and other large scale forestry industries.

Domestic capital investments in the forestry sector will be managed with priority given to large scale businessmen, with orientation given to semi-extractive activities, logging, forest replanting & the integrated wood processing industry.

The role of cooperatives in the handling of activities in the forestry sector will also be stepped up. Cooperatives will have the opportunity to take part in re-forestation projects.

CSO: 4200/294

INDONESIA

DIVISION OF IRIAN JAYA INTO 3 PROVINCES STUDIED

Jakarta KOMPAS in Indonesian 29 Oct 83 pp 1, 12

[Article: "Team from Department of Home Affairs to Study Division of Irian Jaya"]

[Text] Jakarta, KOMPAS--A team from the Department of Home Affairs, composed of 11 people, will undertake a study of a plan for the division of Irian Jaya into three provinces. This was stated by Sugiyono, the deputy governor of Irian Jaya, in answer to reporters' questions on Friday [28 October] in Jakarta.

He said that in the past an outline plan for the division of the province had been prepared by the late Governor Busyiri Suryowinoto. This concept for the division of Irian Jaya into three provinces involved three alternatives. First, there could be provinces of West Irian Jaya, South Irian Jaya, and North Irian Jaya. Secondly, there could be provinces of West Irian Jaya, Central Irian Jaya, and East Irian Jaya. The third alternative involved the same names as the second alternative, but there was a difference in the dividing lines between the proposed three provinces.

According to Sugiyono, it appears that the first alternative may be more acceptable. West Irian Jaya in this concept would include the regencies of Teluk Cenderawasih, Yapen-Waropen, Sorong, and Manokwari, with the provincial capital located in Manokwari. South Irian Jaya would include the regencies of Merauke and Fakfak, with its capital in Mapurujaya (near Timika Fakfak). North Irian Jaya would include the regencies of Jayapura, Jayawihaya, and Paniai, with its capital in Jayapura.

Helping Development

The deputy governor of Irian Jaya said: "I personally think that it is necessary to divide the present province, with the result that all government departments would be represented in them. If this can be done, it will help the development of Irian Jaya, which is three and one-half times as large as Java."

He said that the division of the present province must at the same time involve the redrawing of regency, district, and village boundaries. In this way it won't involve twice as much work. He said: "The question of when will this be done

can't be properly estimated because the question is a complex one, and large amounts of money will be involved."

Sigiyono pointed to the division of Sulawesi into four provinces and Kalimantan, which was also divided into four provinces. After these islands were re-divided, it turned out that the two areas grew quickly, and regional development showed positive results.

Minister of Home Affairs Soepardjo Roestam, in testimony before Committee II of Parliament on 21 September 1983, stated that during the course of the Fourth 5-Year Plan Irian Jaya will be divided into three provinces. For that purpose rational and objective thought is needed, as well as mature calculation and consideration. For the time being the thought has been expressed that several regions under the supervision of deputy governors should be formed in a phased way. The minister of home affairs said: "Irian Jaya is considered too large to be a single province."

The province of Irian Jaya has an area of about 412,781 square kilometers. It consists of nine regencies, 117 districts, 832 villages, and 66 wards [kelurahan]. In addition it has an administrative capital, Jayapura, which is now being made ready to become a city. Two other administrative towns, Biak and Sorong, are ready for conversion into cities.

5170

CSO: 4213/73

INDONESIA

OVERALL EXPORTS DECLINE BY 9.63 PERCENT

Jakarta BUSINESS NEWS in English 16 Nov 83 pp 7, 8

[Text]

The value of Indonesia's overall exports from January to July 1983 reached US\$ 11,281.7 million, down by about 9.63 percent as against US\$ 12,483.6 million in the corresponding period last year. But the export volume rose by around 6.44 percent, from 53,812,700 tons in the first seven months of 1982 to 57,277,800 tons from January to July this year.

The revenue from non-oil/non-gas exports was up by around 17.90 percent in the first seven months of this year compared with that in the same period last year. Rubber, coffee, timber, shrimp, tea, textile, metalware and several other products are the main Indonesian export commodities becoming competitive in the world market thanks to steps taken by the government to support non-oil/non-gas export drive.

The development of Indonesia's overall exports from January to July 1983 is as follows:

EXPORT PRODUCTS	VOLUME (in ,000 tons)		FOB VALUE (in mill.US\$)	
	Jan.-July 1982	Jan.-July 1983	Jan.-July 1982	Jan.-July 1983
Total exports	53,812.7	57,277.8	12,483.6	11,281.7
Oil & gas	38,349.9	36,301.6	10,240.4	8,659.4
- Crude oil	31,194.9	29,709.5	8,265.5	7,038.5
- Oil products	1,368.7	2,177.0	312.7	427.1
- Natural gas	5,786.3	4,415.1	1,662.2	1,193.8
Non-oil/non-gas	15,462.8	20,976.2	2,243.2	2,622.3
- Agricultural products	2,246.9	1,945.6	735.6	774.4
- Industrial products	3,509.4	3,506.1	1,343.1	1,629.4
- Minerals	1,653.5	1,692.5	110.4	100.5
- Other products	8,053.0	13,832.0	54.1	118.0

AGRICULTURAL PRODUCTS : Indonesia's exports of agricultural products from January to July 1983 stood at 1,945,643 tons worth US\$.774,398,000, showing a decline in volume and an increase in value compared with 2,246,908 tons valued at US\$ 735,625,000 in the corresponding period last year.

The export in the first seven months of this year compared with that in the same period last year indicated an increase of 3.37 percent in volume and 20.01 percent in value for latex and other resin such as perca and jelutung, and an increase of 3.56% in volume and 22.68 percent in value for coffee.

Shrimp was the main producer of foreign exchange for the agricultural sector in Indonesia in the first seven months of this year. Indonesia's shrimp exports rose by 8.45 percent in volume and 21.10 percent in value during that period. Japan, the main market for shrimp from Indonesia, imported 11,900 tons of this marine product from Indonesia, around 80% of Indonesia's total shrimp exports in the first seven months of 1983.

INDUSTRIAL PRODUCTS : Indonesia's exports of industrial products from January to July 1983 were recorded at 3,506,055 tons valued at US\$ 1,629,397,000, up by 0.09 percent in volume and by 21.32 percent in value as against 3,509,396 tons valued US\$ 1,343,112,000 in the first seven months of 1982.

Processed timber was the main producer of foreign exchange for the industrial sector in Indonesia in the first seven months of this year, followed by metal products, textile, electric instruments and vegetable oil. The export of plywood in the first seven months of this year rose by around 81.32% in volume and 79.91% in value compared with that in the corresponding period last year.

Indonesia's exports of industrial products from January to July 1983 are as listed below :

KIND OF PRODUCTS	VOLUME (TON)		FOB VALUE (,000 US\$)	
	JAN.-JULY 1982	JAN.-JULY 1983	JAN.-JULY 1982	JAN.-JULY 1983
1. Processed timber	1,833,598	1,448,786	314,614	432,205
2. Metal products	139,549	204,243	301,418	340,143
3. Textile	12,710	21,896	86,915	114,473
4. Rubber	436,950	474,532	332,131	395,606
5. Cattle fodder	516,192	561,681	41,750	45,316
6. Essential oil, & others	1,490	2,144	11,259	21,576
7. Vegetable oil	126,964	222,329	53,676	67,949
8. Fatty acid	45,069	41,901	16,675	14,263
9. Electric instruments	1,350	2,073	68,300	80,156
10. Processed food	166,920	300,901	28,280	28,274
11. Cement	115,842	22,500	5,265	685
12. Plaiting products	617	605	4,912	5,278
13. Furniture	455	744	1,093	1,655
14. Chemicals	10,838	18,749	8,165	10,244
15. Urea fertilizer	27,783	134,263	6,786	16,950
16. Pharmaceutical products	2,044	1,542	2,752	3,135
17. Frog leg	1,009	1,818	2,433	4,867
18. Leather products	2,766	2,841	17,847	14,542
19. Glass and glassware	3,333	8,293	2,047	4,209
20. Paper & paper products	2,329	4,164	1,065	2,096
21. Precious stones	-	418	-	11,978
22. Other products	61,588	29,632	38,729	13,797

MINING PRODUCTS : Indonesia's exports of minerals in the first seven months of this year reached 15,476,095 tons worth US\$ 102,880,000, an increase of 59.50 percent in volume and a decline of around 7.97 percent in value compared with 9,702,622 tons worth US\$ 111,785,000 in the same period last year.

Copper ore is the main producer of foreign exchange for the mining sector, excluding oil and natural gas. Indonesia's exports of copper ore dropped by 19.44% in the first seven months of this year compared with the export value recorded in the same period last year.

The fall in the export volume and value was also recorded in the export of several other minerals, such as nickel, bauxite, tin ore and iron ore.

Indonesia's exports of non-oil/non-gas minerals in the first seven months of this year are as follows:

MINING PRODUCTS	VOLUME (TON)		FOB VALUE (.000 US\$)	
	JAN.-JULY 1982	JAN-JULY 1983	JAN.-JULY 1982	JAN.-JULY 1983
1. Copper ore	112,739	145,928	74,167	71,426
2. Nickel ore	425,071	273,499	13,156	6,848
3. Bauxite	487,252	404,135	7,157	6,143
4. Tin ore	809	799	5,798	3,155
5. Lead ore	-	200	-	26
6. Manganese ore	3,600	18,670	178	464
7. Iron	11,000	-	117	-
8. Coal	122,992	147,749	5,311	4,179
9. Granite	482,327	669,103	3,476	6,051
10. Natural sand	8,049,122	13,783,642	1,393	2,354
11. Other mining products	7,710	32,370	1,032	2,234

CSO: 4200/294

INDONESIA

TRADE MINISTER CALLS FOR INTEGRATED EFFORTS TO BOOST EXPORTS

Jakarta BUSINESS NEWS in English 18 Nov 83 p 6

[Text]

Minister of Trade Rachmat Saleh has stressed the need for making every effort to step up and stimulate the growth of Indonesia's exports, despite the fact that non-oil/non-exports rose by 16.9% and non-oil/non-gas imports dropped by 2.67% in value in the first seven months of this year compared with those recorded in the corresponding period last year.

Speaking before officers of the Trade Department here Thursday, the minister stated further that integrated efforts were required to enhance foreign exchange earnings and create more job opportunities to counter challenges in the trade sector before entering Pelita IV (fourth five-year development plan - 1984/85 to 1988/89).

He called on all those working under the Trade Department to work well so as to make the realisation of government programs in non-oil/non-gas export drive a success.

According to data recorded by the Central Bureau of Statistics (BPS), Indonesia's export value from 1978 to 1983 is as listed below: (in million US dollars)

Year	Oil/oil products	Natural gas	Non-oil/non-gas	Total	
1978	7,438.5	546.9	3,657.8	11,643.2	
1979	8,870.9	1,296.9	5,426.3	15,590.1	
1980	15,595.3	2,186.3	6,168.9	23,950.4	
1981	18,164.1	2,499.1	4,501.3	25,164.5	
1982	15,458.3	2,975.8	3,929.3	22,363.3	
1983	January February March April May June July	723.2 1,143.0 1,083.3 865.5 1,331.9 1,091.5 1,227.1	129.3 206.8 291.6 198.3 184.4 116.6 66.8	339.2 277.6 361.8 362.5 498.4 403.6 379.2	1,191.6 1,627.4* 1,736.8 1,426.4 2,014.7 1,611.7 1,673.1

The development of export volume from 1978 to 1983 is as follows: (in .000 tons)

Year	Oil/oil products	Natural gas	Non-oil/non-gas	Total	
1978	74,116.7	3,012.0	22,138.5	101,267.2	
1979	66,012.3	8,976.7	23,279.0	98,268.0	
1980	67,652.5	9,739.5	24,022.9	101,414.9	
1981	69,357.1	9,121.8	18,874.2	97,353.1	
1982	58,871.1	10,465.6	29,344.5	98,681.2	
1983	January February March April May June July	2,753.3 4,449.1 4,372.0 3,953.5 5,911.1 4,804.5 5,643.2	473.1 719.7 999.8 747.7 701.3 483.9 289.7	2,786.1 1,893.3 3,548.6 2,980.9 3,706.8 3,273.5 2,786.8	6,012.5 7,062.1 8,920.4 7,682.1 10,319.2 8,561.7 8,719.7

INDONESIA

INVESTMENT MISSION TO BE SENT TO AUSTRALIA

Perth THE WEST AUSTRALIAN in English 1 Dec 83 p 36

[Text] Indonesia will send its first official investment mission to Australia next February. The mission will visit Sydney, Melbourne and Perth.

It will concentrate on specific agricultural projects as well as investment opportunities in the manufacturing and mining sectors.

At the same time, Australian organisations have been invited by a senior Indonesian Government official to examine the prospects for investment in agricultural projects in Indonesia.

Mr Achmad Az, a deputy chairman of the Indonesian Investment Coordinating Board, said that opportunities existed in sugar, rubber, palm oil and cotton production as well as in the establishment of non-traditional grain crops.

Mr Az told the 12th joint meeting held in Queensland by the Australian Indonesian Business Co-operation Committee and the Dewan Kerja Sama Pengusaha Indonesia Australia that his Government was encouraging foreign participation in this basic sector of the economy.

"Our aim is to achieve permanent self-sufficiency in food and to service export markets with our excess agriculture production," he said.

Partners

"We are interested in the commercial well-being of our business partners from other countries. We hope that there will soon be Australian partners.

He said that there were financial incentives to appeal to prospective joint venturers.

But he thought that the major elements in any consideration by Australians investing in Indonesian agriculture would be the republic's human resources, its national development policies, its general economic and political stability and the enormous natural potential of its land.

CSO: 4200/295

INDONESIA FOURTH TEA EXPORTER

Jakarta BUSINESS NEWS in English 18 Nov 83 p 5

[Text]

Indonesia ranks fourth among nine tea producing countries associated in the International Tea Producers Association (ITPA), an organisation of leading tea producing countries in the world which was set up in 1979.

The four largest tea exporting countries in the world are India - 32%, Sri Lanka - 30%, Kenya - 14% and Indonesia - 10%. Tea exports from the four countries altogether cover 86% of the total world exports of this commodity.

The top 18 tea importing countries include: Britain, the United States, Pakistan, Saudi Arabia, the Soviet Union, Iraq and Iran. Tea imports of those seven out of the 18 top importing countries are projected to reach 528,000 tons in 1985.

Data collected by the ITPA show that the largest per capita consumption of tea is recorded by Eire - 3.53 kg/year, followed by Britain - 3.16 kg/year, Iraq - 1.92 kg/year, Australia - 1.67 kg/year, Saudi Arabia - 1.12 kg/year, Chile - 1.0 kg/year, the United States - 0.35 kg/year and West Germany - 0.21 kg/year.

The United States, with a big population, is the second top tea importer though the per capita consumption in that country is small. The U.S. tea imports are projected at 90,000 tons in 1985.

CSO: 4200/295

PROMPT REPAYMENT OF BIMAS CREDITS STRESSED

Jakarta KOMPAS in Indonesian 7 Oct 83 pp 1, 9

[Text] The repayment of BIMAS [agricultural mass guidance program] credits from farmers has reached 499 billion rupiahs of a total credit of 680 billion rupiahs since 1970. In other words, only 27 percent remains to be repaid.

Eng Wardoyo, vice minister for Food Production, gave this information in reply to questions at Bina Graha yesterday prior to a limited cabinet meeting on EKUIN [economy, finance, and industry] affairs.

The vice minister said that repayment has been slow since 1976-77 as a result of wereng [an insect] infestation. Wardoyo did not recall the exact amount of BIMAS credit for 1982-83, but he said that about 40 percent of it has been repaid. He was confident that the repayment percentage would continue to rise.

He said that the BIMAS credit package would be extended for 1983-84 but that it would be provided to farmers selectively.

"Only those farmers who need BIMAS credit will receive it," he stressed. Under the former OPSUS [special operations] system, practically all farmers participated, while at the same time they took part in BIMAS. Because of the leniency afforded them, their old debts were not a factor. Now, however, farmers who have unpaid debts will no longer receive BIMAS credit.

Production Target

The vice minister also stated that the production target for 1983-84 is still being discussed, since it is the first year of REPELITA [five-year development plan] IV.

"The final figure for this first year of REPELITA IV is still being formulated," Wardoyo said. In answer to a question, he said that it will be about 24 million tons. The nonrice production figure is also being calculated and will be announced shortly.

When asked about Operation Makmur [prosperity] and others, he said that they will be continued but that old credits must be repaid first. At the same

time, we will proceed with efforts to improve production through intensification, while improving credit repayment.

For that reason, he is asking that credits be repaid with regularity and discipline. "If a person borrows and is successful, he must repay," said Wardoyo. There are regulations covering repayment. If a person's crop is a failure and suffers from natural disaster, the situation is covered by regulation. If it is not a complete failure but produces only a little, installment payments are required. If a crop is successful, however, repayment must be made.

Consumption

Our rice consumption is rising at about 1.7 percent per year, whereas our annual population increase is about 2.3 percent. Therefore, production should increase at about 3.8 to 4 percent, the vice minister said.

Production, distribution, and consumption will determine whether we will be self-sufficient in food, Eng Wardoyo said.

As for our having a "rice oriented" agriculture, the vice minister responded that our principal food is rice and for that reason rice production cannot be neglected. Rice, as well as other crops, must receive our attention, he said.

Rice cultivation now uses 9 million hectares, and nonrice crops use 5 million hectares. Land is also used for horticulture.

There is now hope for areas where the soil is salty, he added. Research is seeking strains of rice that are tolerant to acid and salty soil.

6942
CSO: 4213/48

FARMERS RELUCTANT TO PARTICIPATE IN TRI SUGARCANE PROGRAM

Jakarta KOMPAS in Indonesian 7 Oct 83 pp 1, 11

[Text] Jakarta, KOMPAS--Small-scale farmers contacted by KOMPAS in East Java, Central Java, Yogyakarta Special Area, and West Java are increasingly not interested in taking part in the TRI [small-holder sugarcane intensification] program, since many farmers suffered losses during the 1982 and 1983 seasons. In several areas, planting of land for TRI cultivation in 1983-84 (for the 1984 milling season) has been very slow and is now only 60 to 75 percent of the target set by the minister of agriculture. As of September, land for TRI in East Java had reached only 60 to 65 percent of the area targeted.

According to several sources, the continuous decline in production per hectare has caused losses to farmers. According to information from the Pasuruan BP3G [Sugar Mill and Plantation Research Station], average production in 1939 was 163.1 quintals per hectare, and in 1957, during the transition period, it was 127.9 quintals.

According to information from the BP3G quoted by DPP-HKTI [Central Executive Council of the Indonesian Farmers Association], the average production in 1975 was 97.9 quintals per hectare. In 1978, production had fallen to 77.3 quintals. For the two following years, production was only 74.7 and 68.2 quintals per hectare, respectively.

Minister of Agriculture Achmad Affandi said that the average production last year was only 67 quintals per hectare. This year's production, as estimated by several sugar mills, is expected to drop further to about 65 quintals per hectare.

This continuing decline in production is attributed by several experts to a disorganized pattern of planting and milling, inappropriate cultivation techniques, and aging sugar mills. Some sources report that the rehabilitation of several sugar factories has not gone according to plan.

Declining production per hectare has hit TRI farmers directly, especially those who own about 0.3 hectare each. Complaints of losses by farmers under the TRI program are heard everywhere, and farmers are beginning to be reluctant to plant sugarcane again.

"This one time was enough," said Parlan, a farmer at Sukomoro, Magetan Regency (East Java), a TRI participant who lost 16,164 rupiahs on 0.25 hectare.

A resident of Triyagan Village, Mojolaban, Sukoharjo Regency, Central Java, said that participation in TRIS I in that area could result in losses of 555,000 rupiahs per hectare, and planting under TRIS II COULD cause losses of 116,000 rupiahs per hectare. In a report of 4 July, the manager of KUD [village unit cooperative] Sapta Usaha Mulyo Mojolaban II reported a loss of 1,482,360 rupiahs from 12.8085 hectares of TRI planting there.

In West Java, the DPC [district executive council] of HKTI in Majalengka stated that TRI farmers in that area lost an average of 200,000 rupiahs on each hectare planted in sugarcane.

Several Facts

This continuing TRI productivity decline is reflected in the mounting sums of unrepaid credit. These debts are a result of the small returns received by farmers. Last year, 15 groups of TRI farmers in Nganjuk (East Java) lost more than 30 million rupiahs, and hundreds of other farmers suffered similar losses.

The existence of large sums of unrepaid credit was admitted by Mulyadi, second assistant at the East Java Regional Secretariat. Last year, debts in East Java were 1.2 billion rupiahs, and this year they are expected to reach 4 billion. In Majalengka Regency, West Java, debts of more than 6.3 million rupiahs were on record at the end of December 1981, and they expanded 16-fold during the following year. According to sugar mill sources in Kadipaten, TRI farmers are suffering losses this year of about 35,325 rupiahs per hectare. This estimate is based on normal sugarcane quality. Farmers whose cane is below normal suffer even greater losses.

Everyone Asks for a Share

Yitnosuwito, a farmer at Panggunharjo, Bantul Regency (Yogyakarta Special Area), said that his 64 "lobangs" (each "lobang" equals 10 square meters) of sugarcane earned only 150 rupiahs. This sum is the net amount of his income, according to local KUD records.

"In the first year TRI's profits could still be enjoyed, but they gradually collapsed," said Dwidjapradipta, a farmer of Turi Village, Sleman Regency. He added that farmer losses are caused in part by the number of government offices that handle TRI. Each one asks for a share of the income. "Ultimately, it is the farmer who must bear the expense," he further declared.

Farmers in the area around Kudus, Pati, Jepara, and Rembang say they are not interested in continuing with sugarcane. "Compared with rice and other crops, sugarcane is not profitable," said Suratman, chairman of the TRI group at Wedarijaka (Rembang), who is responsible for seven cane farmers.

Several farmers at Kandat, Kediri Regency, said that the news of TRIS I losses of 80,000 rupiahs per hectare "hit them like lightning." "I really don't know. I hear that it is still being calculated by the KUD," commented Soikromo, a Kandat farmer.

Concerted complaints by farmers of small TRI returns and consequent losses are being heard in many areas, including Trenggalek, Madiun, Jombang, Probolinggo, Malang, and Jember. "In the last two harvests, many farmers did not receive anything other than 2 to 5 kilograms of sugar from the factory," said S. Soetedjo, a relative of a farmer in Wonoayu Subdistrict, Sidoarjo, East Java.

Passivity and Fraud

The KOMPAS reporter who investigated the TRI problem at several places in East Java, Central Java, Yogyakarta, and West Java received admissions from farmers that they were not taking part in the TRI program. "I never planted sugarcane in my life. How could I handle it?" asked Paimin, a farmer with four children at Belor Village, Kediri.

He explained that his 135 "ru" (or 0.189 hectare) were placed under the TRIS I program and that his cane was milled in July 1983. His work of more than 14 months produced 72,550 rupiahs, whereas he would have received a net income of about 296,000 rupiahs from rice and other crops. "If I had rented out the land, I would have received 120,000 rupiahs for 1 year, or more than from 14 months' of sugarcane," he declared as he calculated.

Farmers contacted by KOMPAS in Madiun, Magetan, Malang, Pati, Majalengka, and other places stated that they were not taking part actively in the planting of sugarcane. All work, from plowing to delivery of cane to mills, is handed over to group chairmen.

In addition, fraudulent TRI is found in some areas. The land of farmers is controlled by renters and placed under the TRI program. Many instances of this were found in the former Pati residency and in Majalengka, Surakarta, Madiun, and Malang. In Pati, for example, according to Eng Nirwasito, head of the local Agricultural Service, there are 12,500 hectares under TRI and TRB [unrestricted small-holder sugarcane], or 4,500 hectares more than the target. The exact area under TRI is not known precisely, but according to other sources most participants are not actually farmers.

In the Pati area, sources state that land renters also "borrow" land certificates from owners to be used as guarantees for credit (TRI packets). "The farmers themselves do not get any benefit from the credit, but if indebtedness occurs the farmers are liable," said one source.

In the Kadipaten and Jatiwangi sugar mill areas in Majalengka, there are also hundreds of hectares of TRI sugarcane that are not the property of farmers. "They are the property of people who have money, of businessmen, and, indeed, of government employees," said a village administrator in a subdistrict of Majalengka Residency.

According to the Majalengka BAPPEDA [Regional Development Planning Board], one factor in losses to TRIS farmers is "fictitious land," such as in Karangsambung Village, Kadipaten Subdistrict. This matter was reported in an official note to the Majalengka regent on 3 January 1983.

In Gondanglegi Subdistrict, Malang Regency, a KUD director said that more than 60 percent of sugarcane in one village is the property of a local administrative official. "Some of the cane is from crop mortgages and other through renting land," he said.

Farmers in a Dilemma

Several farmers explained that they are in a dilemma. If they participate in TRI, they suffer losses. If they do not, they are criticised. Suradal, a farmer in the Bantul area, said that he was coerced into taking part in TRI. The village head always stressed "the country's needs" and referred to article 33 of the 1945 Constitution. "Farmers can do nothing but hand over their land. They are afraid of being branded all kinds of things," he told KOMPAS.

The same type of thing happened in several places in East Java. In the Kediri area, a resident of one village was branded as a former member of an outlawed organization for refusing to take part in TRI. "There is trouble if you refuse, but if you participate you also suffer," said a resident.

A resident of a village in Magetan Regency said, "I was told to transmigrate if I did not want to take part in TRI." In Situbondo, a resident was reported to authorities for the same reason and had to request protection from the Yogyakarta LBH [Legal Aid Institute].

Finding themselves in such positions, many farmers prefer to rent out their land, thinking that they cannot suffer any loss. Frequently the renter sets a provision that he be lent the land certificate for use in obtaining credit. Fraudulent TRI, in which crops belong to renters, is therefore found everywhere.

HKTI sources state that investigations by HKTI directors in several areas show that almost 50 percent of TRI land is "disguised rental land." Farmers who own the land still bear the risks if renters do not repay their credits.

The HKTI research also concluded that TRI participants with two or more hectares of land could earn a profit. For that reason, land renters, who usually gather more than two hectares of land, do not suffer as small-scale farmers do. "Moreover, the risk of unpaid credit remains on the shoulders of farmers," the source said.

6942
CSO: 4213/48

GRANTING ALL BPD CREDITS TO INDIGENOUS INDONESIANS RECOMMENDED

Jakarta KOMPAS in Indonesian 31 Oct 83 p 8

[Text] Palembang, KOMPAS--The Bank Indonesia has asked Regional Development Banks (BPD) to channel most of their long-term credits to small and medium-sized businessmen, who employ a great deal of labor. Indeed, if possible, all BPD credits should be extended to indigenous Indonesian businessmen.

Dr Muryanto Danoesapoetro, director of the Bank Indonesia, made this statement on the occasion of the signature of the cooperative agreement between the BPD of South Sumatra and PT Uppindo (Indonesian Development Finance Company) in Palembang on 27 October. This 23rd agreement in the technical field is a part of the Bank Indonesia program to help the BPD. Preparations for the agreement began in 1980 with an accounting survey by PT Uppindo.

According to Mutyanto, the Bank Indonesia hopes that the provincial government will participate by becoming a part owner of the capital of the BPD and showing its confidence in the BPD. He urged BPD directors to show a real sense of responsibility as leaders of a financial institution.

Technical assistance covers the fields of organization, personnel, management, and credit, involving improvements in the fields of internal and major operations. He asked for sincerity, diligence, and patience in achieving the hoped-for results. The technical assistance program is one way of expanding the role of the BPD as a development bank.

Regarding the BPD of South Sumatra, the director of the Bank Indonesia was happy to note the number of improvements made in the fields of capital investment and management. The provincial government has expressed its confidence in the South Sumatra BPD, as evidenced by its increase in activity over the past 3 1/2 years. The volume of its activities at the end of 1970 was about 6.8 billion rupiahs, while in 1983, up to the end of August, the volume of its activities had reached 20 billion rupiahs.

Extension of credit also increased impressively, from 0.8 billion rupiahs in 1970 to 12.1 billion rupiahs in 1983. It was especially impressive to note that about 79.8 percent of the credit extended was channeled to indigenous Indonesian businessmen.

Sainan Sagiman, governor of South Sumatra, in his speech said that the BPD had a dual function and role. On the one hand the BPD needed to provide loans for investments, expansion, and renewal of regional development projects. On the other hand the BPD has to promote the development of the people's lives in the agricultural sector, in trade, industry, and services, and must also provide the funds needed by the provincial government.

5170
CSO: 4213/73

INDONESIA

INDONESIA SAID TO BE WORLD'S LARGEST PLYWOOD PRODUCER

Jakarta KOMPAS in Indonesian 29 Oct 83 p 12

[Text] Jakarta, KOMPAS--Indonesia is now the world's largest plywood producer. In addition to having about 100 plywood factories, Indonesia also has quite large forest reserves of wood like mahogany [meranti] for use as the raw material for high quality plywood.

Bob Hasan, the chairman of APKINDO (Indonesian Panel Wood Association), expressed this view to a KOMPAS representative in Jakarta on Friday [28 October].

Another country which still has mahogany-type forests is Sabah, in Eastern Malaysia. However, the total area of these reserves is not as large, and the plywood industry there has not yet been developed. Thus, it is not possible for it to compete with Indonesia.

Thanks to SKBTM

According to Bob Hasan, the emergence of Indonesia as the largest producer of plywood in the world is due to government policy, which is based on a Joint Letter of Decision of the Three Ministers (SKBTM) issued about 3 years ago. Under this policy timber exports from Indonesia in the form of logs were drastically reduced. In compensation for this step businessmen holding HPH certificates (Forest Industry Rights) were urged to establish wood processing industries as quickly as possible for export and for domestic consumption. This policy has brought unmistakable results.

Over the past 3 years Indonesia has set up about 100 plywood factories, most of which are found outside of Java. These factories employ an average of about 1,500 workers, which means that workers directly employed by the plywood industry as a whole number at least 150,000, not including their families. Bob Hasan said: "This labor intensive plywood industry indirectly helps the transmigration program which resettles people from heavily-populated areas to areas with small populations."

Furthermore, with the growing number of plywood factories in Indonesia, the government can ensure the preservation of the forests and the environment outside of Java. It is estimated that the present investment in the 100 or so privately owned plywood factories is about 3 trillion rupiahs.

No Need to Fear

Bob Hasan said that, although at present the world is still affected by the recession, total Indonesian plywood exports in 1983 are expected to reach 250 million cubic meters of wood. There is no other country which is in a position to compete with Indonesia as a producer of plywood.

There is no longer any quota for plywood exports from Indonesia. The price of plywood overseas is tending to decline. There are two reasons for this. During the Christmas and New Year's holiday period the countries which usually import plywood from Indonesia have more or less deliberately reduced their level of activity. In addition, they are now waiting for the emergence of a new situation.

Beginning with 1984, the United States will lower its customs duty on imported plywood from 10 to 8 percent on an ad valorem basis. At the same time plywood exports from Indonesia to the EEC (European Economic Community) will be freed from the payment of customs duties.

In that connection the chairman of APKINDO asks Indonesian producers and exporters of plywood to postpone operations for the time being and wait until the prices go up again next year. If exports to Europe take place now, they will have to pay a customs duty of 11.5 percent.

In principle, Bob Hasan's view is not much different from the statement made last week by Karsudjono Sinduredjo, director of APKINDO, who said that Indonesian plywood merchants don't need to reduce their prices. Indeed, if necessary they can hold off from producing for 1 month, waiting for the best time to export their products.

According to Bob Hasan, the best time to export plywood will be at the beginning of 1984. Shipping time takes about 1 month, and the plywood will reach the consuming countries at the end of December 1983 or the beginning of 1984.

Fair Prices

He urged Indonesian plywood exporters to set fair prices. If the price is too high, foreign consumers will use products other than plywood, for example, plastics or other products developed by modern technology.

On the other hand, if the export price of Indonesian plywood is too low, it will cause us losses.

He urged newly-established plywood manufacturers to emphasize domestic sales of their products. For if the products of new factories whose quality is not yet very high are exported, this will damage the foreign market for Indonesian plywood. Bob Hasan concluded: "The best way is for plywood exports from the new factories to be made on a phased basis, as their quality increases."

5170
CSO: 4213/73

BULOG STOPS BUYING JUTE BAGS, THREATENING THOUSANDS OF JOBS

Thousands of Workers Face Layoffs

Jakarta KOMPAS in Indonesian 28 Oct pp 1, 2

[Text] Jakarta, KOMPAS--Thousands of workers are threatened with losing their jobs, and tens of billions of rupiahs have become unproductive, dead assets as a result of the cancellation of orders for domestic jute bags by BULOG [Bureau of Logistics Affairs]. In fact, BULOG has been the only purchaser. The halt in the purchase orders has been in effect since last May, with the reason given that the harvest was not very good.

Current requirements for jute bags amount to 52 million annually and are met by production at eight existing factories. PT Gunajaya, one of the jute bag producers, which is located in Tangerang [West Java], has reduced its labor force by 300 employees since the beginning of the year. According to Arifin, the director of the company, speaking last Wednesday [26 October], if conditions don't change, it will not be possible to avoid laying off more workers. At present there are still 800 employees working there.

Piles of unsold jute bags may be seen scattered around everywhere at the factory, even filling empty spaces in the main building, because all of the warehouses are full. It is estimated that more than 4.3 million jute bags are now on hand. At the present price of 800 rupiahs per bag, the value of the jute bags now stored at the factory is more than 3 billion rupiahs.

A more serious situation confronts PT Indonesia Nihon Seima. This is the largest jute bag factory in Indonesia, and it also cannot sell its products. No less than 20 million jute bags are now on hand at that factory, valued at about 16 billion rupiahs. The bags, produced since the beginning of the year, are piled up all around the factory. As a result, raw materials deliveries have been delayed, and some materials have been stored outside the factory in the fields.

According to Dr J. Ludi Bone, who is acting general manager of the company, the factory has been forced to lay off 30 percent of the total work force of nearly 2,000 employees. Since the bags have not been sold, the situation has become unbearable, to which has been added the pressures of payment of bank interest. He said: "Our only way out of the crisis is BULOG."

52-70 Million Bags

Present BULOG requirements for jute bags are met by production at five privately-owned factories with a capacity of 52 million bags per year. Three other factories owned by PT Perkebunan [National Agricultural Estate Company] have been designated specifically to take care of the sugar mills. They have a capacity of 18 million jute bags per year.

Jute bags are the general standard for the storage of rice because they last a long time. Compared with plastic bags, jute bags are much stronger, although they are more expensive. According to available information, BULOG halted its orders of domestic jute bags because of a smaller harvest and also because there are still large stocks of bags on hand.

According to BAPPENAS (National Development Planning Body), Indonesian requirements for jute bags amount to about 150 million per year. On the basis of a calculation that one bag can be used twice, actual requirements are for about 70 million new bags per year. This total is far larger than the productive capacity of the five existing, privately-owned factories, which can turn out 52 million bags per year.

In addition to the fact that there is excess production of jute bags and that employees have been laid off, another source of loss comes from the fact that the factory machinery is not being used. For example, at PT Ginajaya, which previously employed 1,500 workers, only 800 workers are presently employed, because the factory machinery is not being fully used. Arifin said: "Operation of the machinery, including repairs and orders of spare parts, is waiting for a resumption of BULOG orders."

This factory will be able to hold on until the end of this year. However, if there are no orders from BULOG, it will have to shut down.

Unpleasant Choice

According to Parli Tobing, secretary of the Association of Indonesian Bag Producers, the cost of imported bags is far lower than domestically-produced bags. The only organization which is permitted to import jute bags from abroad is BULOG itself. Because it does not pay import duties, the cost to BULOG of an imported bag is only 75 percent of the cost of a domestically-produced bag. However, it is not known whether imported jute bags are now available in the market.

A similar situation is faced by the PT Koyo Mulya jute bag factory in Kediri [East Java]. It is reported that this factory has already begun to send workers home because of the uncertain situation.

In addition to excess production at the factories there is also the burden of repaying the debt on raw materials imported from the People's Republic of China. At PT Indonesia Nihon Seima, for example, there are 5,300 tons of raw materials on hand. While present production cannot be sold, raw materials continue to be received and must be paid for.

In view of this situation jute bag producers hope that the government will take action. According to Dr J.L. Bone, a situation where there have been no orders from BULOG for the past 7 months is no longer right. The jute bag producers are faced with an unpleasant choice. They may have to halt production completely.

MP Rejects BULOG's Reasons

Jakarta KOMPAS in Indonesian 29 Oct 83 pp 1, 12

[Text] Jakarta, KOMPAS--BULOG [Bureau of Logistics Affairs] must return to its original policy of purchasing domestically-produced jute bags. If this policy is not followed, it can be stated with certainty that thousands of workers will lose their jobs.

This opinion of H. Imam Churmen (Development Unity Faction), deputy chairman of Committee IV of Parliament, was expressed on Friday [28 October]. He was speaking regarding the policies of BULOG, which halted its purchases of domestically-produced jute bags last March because the harvest this year was not very good. This BULOG policy has caused losses to the domestic jute bag factories. Millions of jute bags, worth 3 billion rupiah, have piled up in the factories.

Irrelevant

According to Imam Churmen, the BULOG action in halting purchases of domestically-produced jute bags because the harvest was smaller is based on an irrelevant consideration. He said: "It's not true that the harvest is smaller." The member of Parliament from Central Java pointed to the fact that domestic purchases of rice by BULOG have been completed, even though there was a drought.

The most immediate excuse given for halting the purchase of jute bags from domestic producers means that we will be bringing in imported bags. The cost of imported bags is 25 percent less. The difference in price is the result of the government policy of exempting bags imported by BULOG from the payment of customs duty.

What would the cost be if the import duty had to be paid? When he was asked this, the member of the committee, which also handles agricultural and manpower questions, estimated that it would be almost the same as the price of domestically-produced bags. He said: "Indeed, imported bags might be more expensive."

Imam Churmen said that even if the cost were the same, it would be better to use domestically-produced jute bags. Stimulating the production of domestic bags would provide jobs in the factories and in the fields. In addition, there would be another advantage because the production of jute bags would involve producing our own raw materials and not depending on foreign sources of supply. There is enough rosela [source of jute fiber] available in Indonesia.

Not in Accordance with Government Hopes

Imam Churmen called on BULOG to return to its original policy of buying jute bags produced in Indonesia. He warned that a reduction in the production of

bags would lead to the closing down of business firms. This will clearly be followed by a reduction in employment. This certainly will not be in accordance with the government's expectation that every domestic company will provide the largest possible number of job openings.

Referring to the matter of BULOG's using plastic bags, Imam Churmen thinks that there should be careful research on this question. Rice stored in plastic bags does not last as long, and the risk of spoilage is greater. He said: "If the bag breaks, the contents will spoil easily." If a plastic bag is torn, it can't be used again. Meanwhile, a jute bag will stand up to being used two or three times.

He said that although jute bags are still superior in quality, the producers must be careful. Since plastic bags are available, this means competition which must be watched. For that reason we need to give thought to developing the production of other things like briefcases, suitcases, and carpets made from jute.

With particular reference to the layoff of 300 workers at the PT Gunajaya jute factory, Imam Churmen thinks that the FBSI [All-Indonesian Federation of Workers] should become involved. The FBSI must be able to find new jobs, because the problem facing us is people who have been working but are now looking for another job.

Meanwhile, Oetojo Oesman, attorney-at-law, the director general of job development and supervision at the Department of Manpower, answered questions by a KOMPAS representative in his office. He said that he would look into the propriety of the layoffs of workers at the jute bag factory in Tangerang.

Statement by Department of Manpower

He said that as of yesterday [28 October] his office had not received an official report on this matter. This was also the case with the P4P (Central Committee for the Resolution of Labor Disputes). Oetojo Oesman said: "However, we have sent a special team to look into the matter."

The companies involved must inform the P4P if this has really happened and what further steps have been taken. He said: "According to the regulations, if a private company requires more than 10 workers to stop working, the P4P must handle the matter." The minister of manpower must also be informed.

Referring to the action to be taken by the Department of Manpower if thousands of workers lose their jobs, the director general promised he would take action. However, he didn't say what action he would take.

S170
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ARUN GAS RESERVES CAN LAST FOR 23 YEARS

Jakarta BUSINESS NEWS in English 18 Nov 83 p 4

[Text]

Natural gas reserves in the Arun gas field, North Aceh, will guarantee the production of Liquefied Natural Gas (LNG) by the Arun LNG plant and the supply of natural gas to the ASEAN fertilizer plant, the Iskandar Muda fertilizer plant and an olefin plant for 23 years.

The general manager of PT Arun Natural Gas Liquefaction and Co., Ir. J.R. Oekon, said recently gas reserves found by Mobil Oil in 1971 at present provide natural gas for five units of LNG trains including one train expected to be completed next year. Each unit produce 9,500 m³ of LNG daily.

PT Arun is planning to build the sixth train, which is expected to be completed in 1986, to fulfil a contract for the supply of LNG to South Korea. Natural gas produced by this subsidiary company of Pertamina will also be supplied as fuel to two fertilizer plants - ASEAN fertilizer plant and Iskandar Muda fertilizer plant - that are located side by side in Aceh. The supply of natural gas to each of the two plants will be around 50 to 60 million m³.

The setting up of an olefin plant, which will produce the main basic material needed by the plastic industry, is delayed. When completed, this plant will need around 100 million m³ of natural gas /year.

If the Arun plant continues to operate with seven trains in full capacity, the production of natural gas from the Arun gas field will begin to reduce after 23 years, according to Oekon. But he also pointed out that other potential gas reserves had been discovered in Aceh.

Besides processing natural gas into LNG, PT Arun also produce condensate sold to Japan, New Zealand and Singapore. The shipment of LNG from Arun started in October 1978.

Unlike oil, LNG is produced only when the marketing has been guaranteed and the storage terminal in the consumer countries as well as special tankers for the transport of this product have been available, Oekon explained. Thus, LNG trade is an integral business attaching producers and consumers, he added.

To guarantee the smooth business, the construction/procurement of facilities required should be simultaneously managed in both the consumer and producing countries. It is for this reason that natural gas cannot be freely sold like oil, as not all countries have special terminal for this product. Among countries which have already had such terminals are Japan, the United States and France.

The natural gas terminal in France has not been functional because that country has not reached agreement with Algeria in the contract for the supply of LNG. The supply of natural gas from Indonesia to the United States has not started, though the contract has been signed.

LNG is used as fuel to operate power generating plants and steel plants as well as for household purposes, without creating pollution. Any leakage of LNG pipe will be easily visible, as natural gas which is lighter than the air will change into white smoke when leaking out from the pipe.

The channelling of natural gas directly to Java will need lower cost than processing natural gas into LNG first for the supply to Java. For the LNG supply from Arun to Java, a 3,000 km long pipeline is needed.

A Japanese company, Chiyoda, expects to win the contract for the installation of the sixth train of the Arun plant. The company completed the installation of the IVth train in September this year, a month ahead the schedule. Chiyoda is at present endeavouring to finish the Vth train in time. Based on the contract, the Vth train will finish in January next year & start operation mid February.

The installation of the VIth train is expected to take place from 1984 to 1986. With six trains in Arun and three trains in Bontang, East Kalimantan, Indonesia will be the largest LNG producer in the world. Each unit of LNG refinery produces around 9,500 m³ of LNG daily. Japan is at present the only country importing LNG from Indonesia. LNG exports from Indonesia to South Korea and the United States are expected in the near future.

Indonesia and Japan has agreed to link 90 percent of the price of LNG with the oil price and 10 percent with the price of general commodities.

CSO: 4200/294

MORE ON CLOSURE OF BUNG KARNO UNIVERSITY

License Still Sought

Jakarta SINAR HARAPAN in Indonesian 26 Oct 83 pp 1, 12

/Text/ On Tuesday afternoon /25 October/ the leadership of Bung Karno University (UBK) was received by Prof Dr Doddy Tisnaamidjaja, director general for higher education, at his office in Senayan.

On Wednesday morning /26 October/ Rachmawati Sukarno, YPS general chairman, said that during that meeting her group attempted to find a solution to the licensing problem so that the 4,000 aspiring students could again attend classes.

Rachmawati said she had submitted all pertinent material for review by the director general.

Any practical administrative adjustments that had to be made with regard to the teaching faculty, the building, and other facilities could be made without too much trouble, she added.

There is an "unknown" factor, Rachmawati has the impression that certain individuals do not want UBK to be licensed. Efforts are still being made to obtain a license, moreover, the university's board of regents, including Sri Sultan Hamengkubuwono, Adam Malik, and others, are continuing to approach government parties.

"I hope they will succeed in their fight for the UBK and that we will be able to obtain a license as soon as possible so that the 4,000 aspiring students can continue their education at UBK," she said.

Would Like To Meet With the President

Although it is beyond our capability to take action, Rachmawati said, we shall continue to try to contact the Private University Coordinator's Office (KOPERTIS) and the P and K /Education and Culture Department/. Moreover, Rachmawati's side has again sent a letter to KOPERTIS requesting a response. They are hoping that a written reaction to their letter will be forthcoming.

Rachmawati added that her group would like to meet with President Suharto, but no date for such a meeting has been set. She also would very much like to meet with the P and K minister to discuss this problem. She is certain that the minister would offer any needed guidance or recommendations if deficiencies were apparent in UBK's management or facilities.

As of Tuesday, many aspiring UBK students were observed going to the campus to get information on the latest developments. They could not enter the campus, formerly the Haji Dormitory, because they were blocked by security personnel.

Rachmawati related that on Monday /24 October/ a slight disturbance occurred on the campus resulting in a student named Rina (accepted for the Computer Faculty) being treated at the CM /expansion unknown/ Hospital. When Rachmawati heard about the incident, she and Mrs Sultan Hamengkubuwono visited the student at the hospital on Monday evening.

This was not a big incident. When the students arrived at the campus wanting to know what had developed further regarding the UBK, security officers arrived, dispersed the students, and ordered them to leave the campus.

To date, Rachmawati said, her group has been unable to contact the students directly because of the security personnel blockade of the campus.

Guarded by Security Officers

Meanwhile, on Tuesday afternoon Lt Col Arie Kumaat, commander of the South Jakarta KODIM /Military District Command/, replying to SINAR HARAPAN's question on the UBK campus incident, said there had been no trouble between the officers and UBK students.

What happened, he said, is that the officers merely ordered the students to leave because they would have disrupted traffic in that area if they gathered there. Also, Arie said, no activities were permitted on the campus because the university still had not been licensed by the government. Such activities could be held only if the school were licensed. Security personnel on duty at the UBK campus had been instructed to carry out their mission well.

When questioned by SINAR HARAPAN on Wednesday morning, Lt Col (Police) Drs A. Adna Isa, deputy commander of the Metro KORES /Military Area Command/ 704, South Jakarta, admitted that his command had assigned a number of men to the UBK building to safeguard the government's policy on this university.

Enough personnel were stationed at the university building to keep anything undesirable from happening there, the lieutenant colonel said.

The cause of the incident in which a student was injured is under investigation, to determine who was at fault, he added.

We are still not sure whether the victim was mistreated by security personnel or by another student. Information is being gathered from eye-witnesses, he added. Both the military district commander and the deputy area commander told SINAR HARAPAN that the case will be thoroughly checked out.

Malik Offers Advice

Jakarta MERDEKA in Indonesian 26 Oct 83 pp 1, 11

/Text/ Former Vice President Adam Malik said government personnel would like to keep pace with the public's need to assimilate the significance and the advantages of education, the goal of which is the country's development.

Malik made this point to MERDEKA on Tuesday /25 October/ at his home when he considered the failure of Prof Drs Nugroho Notosusanto, the education and culture minister (MENDIKBUD), to grant UBK a license so that it could carry out its education mission.

Malik said if he were the MENDIKBUD, he would invite anyone to establish a university. Should some practical or administrative requirements be lacking, he, as minister, would be obliged to offer guidance and direction rather than put obstacles in the way of meeting those requirements. This should be done with the UBK question at issue.

If the name of the university is the source of the problem, he said, let us work together to change it. It is important that we save the educational future of 4,000 aspiring students.

The problem with the name, said Malik who is also a member of the UBK board of regents, was created by someone in the P and K Department. A warning may even have been handed down from "above." So let us try to change the name.

"If we may not use the name Sukarno, let us change it to Nyai Roro Kidul /mythical authority controlling the Indian Ocean/, for instance. If we may not name it Nyai Roro Kidul University because Pak Sultan would be angry, let us as Pak Sultan Hamenkubuwono to name it," he said in just.

When General Chairman Rachmawati approached the MENDIKBUD, Adam Malik said, rather than indicating where the shortcomings lay, the minister gave no clear response and merely turned over the 4,000 aspiring students to P and K personnel to find a solution for their problem.

If, for instance, the MENDIKBUD had asked how the Pancasila principle would be handled in the university, Malik said, this could have been settled because UBK's aim is not just so-and-so but there is a real desire to help the government's program in the context of developing the country.

Malik again asked Rachmawati to go to the MENDIKBUD and ask him for his opinion and recommendations. Should the government want to offer guidance on course content the P and K Department should be invited to act as the university's advisory board.

If it is hard to get together with the MENDIKBUD, Adam Malik said, the problem, of course, cannot be resolved. "Because the problem could be resolved if everything was brought out in the open," he said.

Activities Discontinued

Jakarta SINAR HARAPAN in Indonesian 29 Oct 83 pp 1, 12

/Text/ In Decision No 322/X/YPS/1983, signed by General Chairman Rachmawati Sukarno, the Sukarno Educational Foundation Central Executive Board announced that the foundation was discontinuing all UBK administrative and academic activities for the school year 1983-84.

The announcement stated that efforts were made in all sincerity and using all legal means available under the laws of the Republic of Indonesia to permit Bung Karno University to devote itself to the mission of educating the young generation who are thirsting for knowledge and who have not been accommodated in other institutions of higher education. The DEPDIKBUD /Department of Education and Culture/ to date has not granted the UBK a license to conduct academic and administrative activities.

The announcement clarified that since the resolution of the problem was beyond their capabilities, the DPP YPS /Sukarno Educational Foundation Central Executive Board/, the UBK leadership, and the board of regents, with a feeling of very great responsibility, made this decision and announced it to all UBK academic entities.

The reimbursement of students' registration, lecture, and orientation fees and the development contribution will be handled by a bank, which will make its own arrangements for the reimbursement, on 3 November while academic matters will be turned over to the DEPDIKBUD for resolution.

The DPP YPS begs the pardon of and requests the deepest understanding from all students, their families and all classes of society who placed their hopes in the UBK.

MP's, Educators Comment on UBK Closure

Jakarta MERDEKA in Indonesian 30 Oct 83 p 3

/Article by Mana S. and Agus Wahid: "Was UBK Banned for Teaching Politics?"/

/Text/ The crisis surrounding UBK /Bung Karno University/ seems to be continuing. Because it has not been granted an operating license yet by the MENDIKBUD /minister of education and culture/, this university has been forced to discontinue its academic activities.

The UBK side apparently is still trying to clear up this matter. Rachmawati, one of the daughters of the deceased Bung Karno who acts as the general chairman of the Sukarno Education Foundation (YPS), firmly stated that the university was always ready to comply with any administrative requirements. We would have been able to meet the practical academic requirements, she said, during the school year.

Meanwhile, as of the end of last week the UBK campus, located in the Manggarai, South Jakarta area, was still being guarded by security personnel to prevent classes from being held there because the license had not been received.

"MM," a reporter who is keeping close watch on what happens on the campus, reported that for the undeterminable period during which UBK classes will be discontinued, seminars on the Pancasila moral philosophy will be held on the campus for Special Capital Region elementary school teachers along with seminars for Department of Religion planning instructors.

The source, MM, at the UBK obtained the news that Rachmawati was trying hard to find a way to meet with President Suharto at the Istana Negara /state palace/ to have the UBK operating license released.

On Tuesday /25 October/ several UBK students came to the DPR /Parliament/ building to complain about having been set adrift. They were received by Drs Sudardji, chairman of the Development Unity faction.

No information has been obtained about what was discussed. When contacted by MM, Drs Sudardji made no comment. "I am busy," he said.

Several DPR members also refused to comment on the UBK. Moreover, a meeting held between UBK students and the Development Unity faction chairman was closed to reporters.

Rector Resigns

"I resigned from the position of UBK rector on 16 October," Prof Sunario, S H /doctor of jurisprudence/ disclosed to MM who met with him at his home. When questioned, he was not prepared to give the reason for his resignation.

However, Prof Sunario, who participated in the 1998 Youth Congress which formulated the Youth Oath, said he had a great deal of experience in private and state higher education. Moreover, he helped to establish a number of state universities. He said this with very great good humor.

"So I have not only eaten a great deal of salt, but I have also eaten bitter salt," he said laughing.

Sunario said UBK had met the requirements for establishment so only the name remained a problem. "Why would the government ban it? As far as I know, it is only now that a license must be granted by the president for the establishment of an institution of higher education," he said.

"In order for our people and nation to attain the national ideals for education and the political world, especially in universities, the UBK question must be resolved quickly," Sunario added.

Further, he said, our people and country are obligated to honor the name of Bung Karno. Sunario even requested the YPS to keep on fighting to the utmost to have the UBK established in this beloved country. "I perhaps will not

participate in this activity because I am old. It is most important that the board members remain close, united, and communicate with each other," he instructed.

Prof Slamet Gives Up

"I give up on commenting on the UBK question. Frankly, I do not have the competence or the authority to respond; that is the responsibility of those at the top. It depends on those with his competence whether they will grant a license to the university or continue to oppose granting such a license."

Prof Dr Slamet Iman Santoso, a long-time member of the University of Indonesia faculty, made these statements when he met with MM on the Salemba campus in Jakarta.

For me, he added, it is important that the UBK, as an educational institution, be able to carry out its role of helping to develop the lives of the Indonesian people. Here, of course, facilities are needed to enable an institution to successfully carry out its role of providing the vital ingredients of education.

It is not easy to educate people because education is not merely a matter of developing men's minds, especially in a university environment.

The target of higher education is not only the development of the brain, but careful consideration must be given to ensuring that education is reflected in the individual's attitudes after achieving a certain level of development. Will he have adopted positive values after he has achieved a certain level of development or will the opposite be true, Prof Slamet asked.

Therefore, one can conclude that the goal of education, among other things, is that after studying, there must be improvement in the way an individual thinks, in his skills, forthrightness, personal discipline, awareness of the extent and limits of his capabilities, personality as well as self-respect.

Is UBK capable of turning its students into scholars in line with these education goals, Prof Slamet asked. If it has this capability, the professor continued, why must student attendance be banned? Of course, if political considerations are involved, has it definitely been decided to ban the establishment of this higher education institution for this reason?

Dr Yuyun's Analysis

How can we evaluate the UBK matter when we have no concrete data with which to analyze it and evaluate it?

Dr Yuyun Surya Sumantri prefaced his statements to MM in this way on the campus of the Jakarta IKIP /Teachers Training Institute/ in Rawamangun.

We as scholars, continued Dr Yuyun, can only closely observe the trends. If there is a gap between those who would like to establish the university and those in authority, we can only support whatever is accurate in the opinions of either side and try to make the public aware of our analyses.

Therefore, Yuyun said, he did not want to muddy the waters in this crisis but wanted to clear it up. Hypothetically and subconsciously for him, questions arise. The first question is, will this university be capable of developing knowledge that is oriented toward national interests; that is, is it capable of developing the lives of the people of this country. The second question is, will this university support the state philosophy that has been carried out as a social contract?

Dr Yuyun made further observations on the university's essential components and the role it plays in Indonesian society.

According to Dr Yuyun, a university always tries to form individuals into developed human beings. He meant that students are developed so that they have some expertise or skill. Students are also given a cultural education. This done by educating them in the arts and humanities by recalling and experiencing the values that glorify our nation.

Thus, Dr Yuyun added, universities will produce educated people who will serve society in accord with the people's desires.

Therefore, an educated person has a social responsibility, including the responsibility of human beings who try to strengthen the unity and union of society and the nation and provide alternatives in the political decisionmaking process. Here politics does not mean practical politics but rather conceptual or theoretical politics.

It can be underscored that Dr Yuyun, as an intellectual, is only permitted to offer theoretical solutions to social crises without dealing directly in practical politics. If he dealt directly to find practical solutions, he would lose his status as an intellectual except if he were assigned to do so because he was an intellectual. But he is charged with making decisions on policies because of his duty to the people. Therefore, the MENDIKBUD /minister of education and culture/, as an intellectual, is considering from all aspects the essential components of UBK, and as the P and K /education and culture/ minister, he has the right to decide "not grant a license" because the university may have shortcomings that could destroy the society.

The fact that at the moment the UBK has not been granted a license has surprised both the students and the founders of UBK. It should be made known that the P and K minister is responsible for anything that affects education so that the public will attain the educational standards that have been programmed.

Formal education does not merely consist of the relations between teachers and students as well as parents or guardians, but requires the meeting of a series of criteria so that educational goals can be achieved, for instance, building facilities, classrooms, capable teachers, libraries, as well as the construction of the building, which is not a major consideration but one that should provide an atmosphere that is conducive to study for the students, Dr Yuyun Suria Sumantri said.

Suspicion Aroused About UBK

"A ministerial decision, that of the education minister who is responsible for educational matters, may not be opposed by KOPERTIS which controls private universities. KOPERTIS must bow to the minister's decision. If we view the UBK as a very new private university, then they say the 'teaching faculty' must teach on a voluntary basis without expecting to be paid very much. A question arises in my mind, 'What is behind this?' We are aware that in these modern times it is very difficult to find commendable roles. As a general principle, a person works for pay, but this time the situation is different. This is where doubts arise about UBK," Sri Sutiarsih, a member of the Jakarta IKIP, told MM.

Editorial Hopes for Resolution

Surabaya SURABAYA POST in Indonesian 21 Oct 83 p 6

/Text/ Some fuss is being made about the Bung Karno University that has not or has not yet been granted a license but has been operating.

The MENDIKBUD /minister of education and culture/ side said the university was not granted a license since it had not met all the practical requirements while the foundation that administers the university feels it has met them. The MENDIKBUD clarified that this was not a matter of politics although the reasons for refusing to grant the license include the matter of Bung Karno's name which, of course, requires a special license, and the questionable personalities leading the university.

The UBK /Bung Karno University/ problem, at least, educates the public that it is not easy to establish a university. Even though there is a shortage of educational facilities at present, many requirements must be met which are not necessarily practical requirements. Other than its general education functions, we know how important and influential a university may be in society. Here the government apparently is taking a firm stand; some feel it perhaps is too firm a stand.

We are hoping that a good solution will be found for the UBK problem proportionate to the awareness and desires of all sides for the advancement of our educational world and for national interests, stability and development.

TEMPO Reviews the Situation

Jakarta TEMPO in Indonesian 29 Oct 83 p 14

/Text/ Rachmawati sent a letter to President Suharto requesting that a license be granted the university using the name, "Bung Karno," but the university was closed by the police.

This, of course, is fantastic. A new university with more than 4,000 students. This is the Bung Karno University (UBK) which has become a problem.

Last week the main campus of this private university on Bukit Duri Tanjakan Street, South Jakarta, was guarded by the police. All administrative activities--academic activities had not yet started--were stopped, and the campus was closed to everyone. Nevertheless, as of Monday of this week /24 October/ a number of students still came to the university trying to enter the campus. But they could not break through the unapproachable armed personnel.

Actually, there were signs in early September that the university established by the Sukarno Education Foundation (YPS) would not be launched. The entrance examinations for aspiring students to be held at the Senayan Session Hall apparently were cancelled because no permit for the event had been granted by the Greater Jakarta Metro KODAK /Police District Command/. After the examinations to be held on the campus on 24 and 25 September were banned by the police, Rachmawaty Sukarno, the YPS general chairman, made a decision. Without exception, more than 4,000 students were accepted by the university.

Then came the final blow. A letter from the Private University Coordinator's Office (KOPERTIS) of Region III, Special Capital Region of Jakarta, said Bung Karno University "had not met practical, administrative, or academic requirements as well as the principles and goals of a higher education institution." So on 20 October an announcement appeared on the two UBK campuses of the Institute of Mass Education building on General Sudirman Street and on Bukit Duri Tanjakan Street in Jakarta. This announcement, signed by Rachmawati, said all UBK activities were discontinued.

Actually, as Rachmawati told TEMPO last week, the YPS had met the requirements, including the preparation of classrooms for a 10-year period, curricula, docents, and administrative personnel. "So, why weren't we granted a license?" she asked.

Of course, there is another reason and that is naming it after "Bung Karno," the proclaimer of Indonesia's independence. According to Rachmawati, 33 years old, this is why she is sending a letter to President Suharto requesting a license to use the name, Bung Karno, for the university. The license is awaited by the YPS for the UBK which is planned to have five faculties covering nine fields of education.

Meanwhile, it was announced that several members of the UBK board of regents had resigned including Mr /doctoral degree for persons who have not completed/ prepared a doctoral thesis/ Soenario, Major General (retired) Achmadi, and Manai Sophiaan. Soenario, who was appointed as the first rector of UBK, confirmed this news. "I know nothing about any matters outside academic affairs," said the former Indonesian foreign minister. "Up to now there has been little communication between the foundation and me, so I resigned." He, the man who had been Indonesia's ambassador to England, has faith in Rachmawati who says, "Everything is moving along."

According to the YPS, there is a replacement for Soenario namely Dr Soeharto, the former doctor for the family of the first president of Indonesia and owner of the Titi Murni apothecary. "Oh, I was only contacted to help UBK which is have problems," the 71-year-old doctor told TEMPO. He admitted that he had helped to organize the laws and the curricula for UBK. He recommended to Rachmawati, "If you must, change the name if it becomes a problem."

"Perhaps it is now necessary to discuss measures taken by KORES /Military Area Command/ 704 of South Jakarta. They say the police acted on the basis of a letter from KOPERTIS /Private University Coordinator's Office/ to UBK "which had not been granted an academic license." According to the daily newspaper, SINAR HARAPAN, there are 12 universities in the KOPERTIS III region that also are not licensed to operate, and these 12 dan still conduct their academic activities without any obstacle whatsoever.

So, presumably, the problem lies in the name, Rachmawati said.

6804

CSO: 4213/70

AIRBORNE UNIT HOLDS EXERCISE

Jakarta HARIAN UMUM AB in Indonesian 6 Oct 83 p 6

[Text] Jakarta, AB—Airborne Operations Wing 001/KOPATDARA [Unified Air Combat Command] held exercise "Operation Eagle Claw II" from 26 to 30 September. The purpose of the exercise was to train the wing's personnel and units in tactical planning and application under the operational guidance of TNI-AU/HANKAM [Indonesian National Army-Air Force/Defense and Security] and the Joint Command.

Objectives of the exercise included:

- a. Improve the capabilities of commanders and staff officers in directing operations using existing facilities.
- b. Improve the capabilities of air crews and units in the technical development of landing troops to support operations.
- c. Show great operational readiness and capability in supporting TNI-AU/HANKAM and Joint Command operations.

The exercise was an "airborne attack operation" to capture, control, and defend certain targets.

The exercise included the following units:

- a. Air task forces, which planned, prepared, and carried out the operation.
- b. Air and troop elements in the field, which performed operational assignments.

Exercise locations were as follows:

1. LINUD [airborne] Operations Wing 001 headquarters at Halim Perdanakusuma Air Force Base, as headquarters of the STU [air task unit].
2. Husein and Sulaiman Air Force Bases, as the operations area.

3. Halim Perdanakusuma Air Force Base, as base of the operations.

The leader and responsible authority for the exercise was Air Commander TNI S. Masulili, commander of Airborne Operations Wing 001.

The scenario of the exercise was a demonstration of support for an internal security operation by a defense territorial command, in which the STU performed an "airborne attack operation" to capture and hold Husein Air Force Base, which in the exercise had been occupied by enemy forces.

The operation was carried out by the STU in phases:

1. Planning phase, performed by the STU under the command of Lt Col Pilot Sutrisno S., who planned and prepared the operation based on data that he had received.

2. Attack phase, which included field operations involving reconnaissance and air photography using a Cessna C-401/402, under the command of pilot captain Lt Col Pilot Indra.

DALPUR [Combat Control] jumps were made from a Fokker F-27. Three HERCULES C-130 aircraft were used to land a SATPUR [combat unit] of PASGAT [Quick Reaction Forces]] Battalions 461 and 465 under the command of 1st Lt Staff Officer Wahyudin.

The final phase was consolidation, in which troops and air elements held consultation following capture and control of the target area.

6942
CSO: 4213/48

THIRTY-SEVEN AIR FORCE PILOTS COMMISSIONED

Jakarta KOMPAS in Indonesian 7 Oct 83 p 1

[Excerpt] Yogyakarta, KOMPAS--Thirty-seven trainees of the 30th class of the Armed Forces SEKBANG [flight school] were commissioned yesterday as TNI-AU [Indonesian National Army-Air Force] pilot officer candidates by Air Marshal Sukardi, air force chief of staff, following 21 months of training at Training Wing I flight school at Adisucipto Air Force Base, Yogyakarta. They had been recruited directly from PASPAL [the department of mathematics and natural sciences in a senior high school] and trained to meet the shortage of military pilots. TNI-AU pilots previously trained at Training Wing I had been drawn from Air Force Academy cadets.

The commissioning ceremony was marked by a flyby by a number of the air force's newest fighter aircraft. Air Marshal Sukardi symbolically pinned officer candidate and pilot insignia on Wirawan Budi (age 24) of Jakarta. He then presented a trophy to Sugoro (age 21) of Kalijati in recognition of his being the "best graduate."

Shortcut

Chief of Staff Sukardi stated that the presence of the latest fighter, reconnaissance, transport, and training aircraft must be balanced by numbers of suitable and well-trained crew members. Graduates from the Armed Forces Academy flight school were not enough to meet the demand, however. "Realizing this, ABRI [Indonesian Armed Forces] leaders chose a shortcut policy of training gifted young people as armed forces pilots under short service contracts," said Sukardi of the new pilots he had just commissioned.

He said that in the TNI-AU had taken such a short-cut in the fifties, and the young pilots of that day became strong and respected in their duties and service. "As ABRI pilots, our burden is heavy but glorious. It is to guard and protect our national sovereignty from the air, while at the same time protecting national development and all its successes," stressed Sukardi.

Lt Col Pilot Suyamto, chief of service of Training Wing I, said that the 30th class began with 44 students. Of those, six dropped out in the first training phase, and one more dropped out in basic training, leaving 37 to graduate.

6942
CSO: 4213/48

INDONESIA

BRIEFS

CALTEX OIL DISCOVERIES--PT Caltex Pacific Indonesia today announced oil and gas discoveries in its operating areas in Riau Province. Kakap-1, located 25 kms southwest of Duri Field, was drilled last August to a total depth of 6260 feet. It tested a total of 2093 BOPD from three zones in Miocene sands. Kelabu-1, located in the Calasiatic and Tipco-Contract of Work Area "D", 80 kms northwest of Minas Field, was drilled last January to a total depth of 9177 feet. Testing of a portion of the logged pay zones recovered a total of 5.95 MMCFD of gas and 300 BPD of condensate through 1/2 inch choke from two zones in the Lower Tertiary sands. [Text] [Jakarta BUSINESS NEWS in English 16 Nov 83 p 6]

CSO: 4200/294

STATE REORGANIZES FOOD DISTRIBUTION FOR VIENTIANE

Vientiane PASASON in Lao 17 Oct 83 p 2

[Article by Lithi Sisouvong: "Organizing and Improving the Standard of Living of Cadres near the Center:]

[Text] Improving the standard of living of cadres, military men, government employees and the people of ethnic groups in an important policy of the party and government, e.g., for the cadres in various large districts such as in the capital. For this reason, recently our reporter went to see Comrade Sing Meksouvan, chief of the [committee responsible for food supplies in the center], for a clear understanding of the implementation of such a policy. Comrade Sing Meksouvan said that since September 1983 this committee has met and divided up the responsibilities concerning the improvement of the standard of living in terms of food supplies into 4 areas:

1. cadres and military men under the Vientiane Capital administrative committee are under the Vientiane Capital Food Supply Company;
2. cadres and combatants under the Interior Ministry are under the police logistics department;
3. cadres and combatants under the National Defense Ministry are under the [General Logistics Department], National Defense Ministry;
4. cadres and workers under the state administration and enterprises near the center totalling 30 ministry and committee equivalents will be subordinate to the Ministry of Trade, for which it organized a committee to be responsible.

Comrade Sing also told us that the higher echelons will approve the committee responsible for food supplies in the center to organize a company called the Central Food Supply Company in the future. This committee already has 180 cadres. By separating itself from the Lao Trade Company its job is to purchase and distribute rice, fish, meat and other kinds of food.

In the past, there was only one place that gave food supply service for cadres, military men, police and the people, that being the capital food supply company. It was considered difficult. Therefore, on 25 September 1983, there was a new improvement aimed at improving the service, i.e., to raise the standard of living of cadres, military men, police and the people.

Speaking only of the Central Food Supply Service, after accepting the work from the capital food supply company it feverishly began to carry out its work. It [has signed trade contracts] with different good sources, e.g., the agricultural manufacturing company of the center, trade sections of different provinces, fishing companies in front of the Nam Ngum Dam, the Vientiane Capital Food Supply Company, and more in other places in order to bring in different kinds of food supplies for distribution to cadres and workers in their own areas of responsibility.

Since it has been responsible for this task the Central Food Supply section has accelerated to organize cadres to be responsible for the tasks in each section in a timely manner. It organized a cadre unit to pull [strings] in different provinces in order to search for purchasing animals, to organize and improve meat and fish distribution with fairness, and to decrease the losses to the outside so that the purchases can directly reach cadres, government employees, workers and consumers.

This Central Food Supply section also put special efforts into organizing rice stores in five locations in the Vientiane Capital municipal area in Nong Douang, Sihom, Sikai, Suan Mon and That Louang Wards. These stores are for selling [remedial] rice to cadres, the military and people in general at prices approved by the Council of Ministers. This is to provide suitable places of purchasing for cadres, military men and the people who do not have enough rice to eat. The number of state rice stores will also be expanded so that they will meet the needs of the people.

9884
CSO: 4206/24

CO-OPS SAID TO IMPROVE LIVING STANDARDS, FEW JOIN

Vientiane PASASON in Lao 15 Oct 83 p 2

[Article by Kwang Long (a Vietnamese Expert): "A Visit to Nasang Co-op in Louang Prabang Province"]

[Excerpts] Nasang is one of the outstanding co-ops of Louang Prabang Province. It was organized on 1 November 1979. The co-op consists of 23 families, a total of 127 personnel and 35 primary laborers.

Since the day the co-op was set up the people together have built it on new techniques, e.g., irrigation, weeding, fertilizer application, and seedling selection. This has doubled the production capacity to 81 tons. After the rationing based on labor scores, the co-op still had an additional 4,930 kilograms of [accumulated] rice and 50,600 kip. It also has a rice mill worth 67,366 kip, and 13,572 kip in the members' savings deposits.

Now people say that if you want to have adequate food and warm clothes you must join the co-op. The Lao people once had a heritage of loving and assisting each other, and now when they join the co-op members, those who do not have any land and those who do will work together on the new system. Therefore, each family economy is better than before, especially my family's; it exceeds what it was before by over 100 times!"

Mr Pan also said, "before there was a co-op, each year my family had 3-9 months of rice shortage because of no land. Land without labor does not mean anything. Now my family is a member of the co-op, and we now have enough food to eat, and enough clothes to keep us warm!"

We asked, "do the people here produce anything as secondary [production]?" Comrade Onsit answered, "here, any family with women weaves; they can weave a lot. However, the problem is the lack of raw materials. If the co-op is able to meet the needs in raw materials, our women will be able to weave more than this!"

On the way back, we asked Comrade Siphon Chansade how many outstanding co-ops like Nasang there were in this province and what is the percent of co-ops that have been set up throughout the province. He told us that there are

24 outstanding co-ops throughout the province: 12 of them are of type 1 and there are 12 of type 2. At this point only 35 percent have been successfully organized in co-ops. However, we believe that with careful implementation and the accurate calculation of Louang Prabang Province these figures will certainly be increased in the near future. They will be as highly efficient as these outstanding co-ops and the Nasang co-op.

9884
CSO: 4206/24

GDR EXPERTS FETED ON NATIONAL DAY

Vietiane PASASON in Lao 20 Oct 83 pp 1, 3

[Article: "Mid-Level Banking School Joins GDR Experts in Celebrating GDR National Day"]

[T -] On 14 October 1983 the mid-level banking school in Tha Ngon joined the GDR experts in celebrating the 34th anniversary of GDR National Day under the chairmanship of Mr Boungno Douangmanivong, secretary of the school party chapter and also chief of the school's board of directors.

Honorable participants in this ceremony were Mr Yao Phonvantha, an alternate member of the party Central Committee and Minister of Finance, Mr Wagner, the GDR ambassador for economics in Laos, and over 250 teaching cadres and students.

In the ceremony, after Mr Boungno Douangmanivong and Mr Wagner made their comments and congratulated the great, meaningful and historical GDR day by pointing out the past events which was the period of struggle between Hitler's fascists and the reactionary capitalist forces. Now the people of the GDR are advancing to a new turn which is the period of constructing strong, prosperous and civilized socialism.

Mr Yao Phonvantha expressed his opinion in a high assessment of the friendly relationship between Laos and the DDR that has existed for a long time. The GDR has supported and assisted the Lao revolution in many respects all along, in both material and spiritual ways.

At the end he expressed gratitude and also wished the GDR party, government and people a new and greater victory than before in national construction, and he expressed the wish that the relationship between the two nations, the LPDR and the GDR, be amiable and steadily bear fruit.

9884
CSO: 4206/24

BORDER DISTRICTS POPULATION, COOPERATIVIZATION NOTED; SECURITY IMPACTS

Vientiane PASASON in Lao 20 Oct 83 p 2

[Article by B. Vatthananon: "Phonthong District Nowadays"]

[Excerpt] Phongthong is an outpost of Champassak Province. It is on the right bank of the Mekhong River, and its border adjoins Thailand. It consists of a large and fertile area that is a [rice] granary of Champassak Province and people of ethnic groups who one had a diligent, persistent, and resolute heritage and were unyielding toward the enemies. Its total population is 51,376 of which 27,497 are women. It has 10 cantons and 107 villages consisting of many ethnic groups who live together, Lao Loum, Lao Isan, Phakeo and a number of aliens, e.g., Vietnamese, Chinese, etc. Phongthong District has 17,650.97 hectares of ricefields: 7,761.28 hectares of the first type, 6,203.49 hectares of the second type and 3,676.20 hectares of the third type.

Last year the people of ethnic groups within this district saw their obligation toward the party and government. They sincerely participated in paying 1,466,885 tons of agricultural taxes. By having seen the new socialist path they have changed to the new lifestyle and organized agricultural co-ops, and have advanced to the expansion of the new socialist regime. Now they have set up 51 agricultural co-op units in 51 villages, and transferred a total of 9,163.62 hectares of ricefields and 2,955 buffalo and draft animals into the capital of the agricultural co-ops. There are 2,907 families who have given their land and draft animals to these 51 agricultural co-op units out of 9,274 families districtwide.

Along with determined participation in constructing the economy and systematically improving agricultural co-ops, they have also carried out national defense and security effectively and [made it] steady and strong in both quality as well as quantity. The guerrilla units in each locality have been improved and expanded widely. Furthermore, the people of ethnic groups have awakened and become a driving force in protecting and using their eyes and ears to help their administrative committees, and are able to stop all the destructive activities of the enemies in a timely manner resulting in peace and normalcy in each locality within the district at the base level. This facilitates educational, public health, trade, etc. networks to expand from the district down to cantons and villages and also to different agricultural co-ops.

The improvement of the work down to the production bases has been able to solve the people's problems and to gradually raise the standard of living of the people, resulting in faith and confidence of the people of ethnic groups toward the leadership of the LPRP.

9884
CSO: 4206/24

BRIEFS

LUANG PRABANG RECRUITMENT--Since early this year 113 youth from different production bases throughout Siang Ngeun District, Luang Prabang Province, have awakened and volunteered to take part in serving in the ranks in national defense and security in various factories in order to ensure the people to feel free to make their living conveniently, and to make the country prosperous and strong in every way. Once they had been assigned a suitable duty, each one has determinedly trained himself unyieldingly so they can become cadres, combatants and workers who are filled with quality and ability as worthy of the trust of the higher echelons. [Text] [Vientiane PASASON in Lao 17 Oct 83 p 1] 9884

CHAMPSAK BANK DEPOSITS--By clearly understanding the policy of savings and loans for promoting the family economy of cadres and the people of ethnic groups, from early January to September the cadres, government employees, workers and the people throughout Sanasomboun District, Champassak Province, all gradually went to deposit their savings totalling 105,000 kip in the State Bank branch in their own district. [Excerpt] [Vientiane PASASON in Lao 14 Oct 83 p 1] 9884

SARAVANE RICE PURCHASE TARGET--Starting this year the people of ethnic groups in Saravane Province have awakened and volunteered to actively sell their surplus family rice to the government. According to the basic figures, we learned that now throughout the province there were almost 5,614 tons of purchase rice. This was 93.56 percent of the purchase plan. In this the outstanding ones were the people in Vapi District in which there were 1,702 tons of rice, exceeding the expectation by 91 tons. [Text] [Vientiane PASASON in Lao 25 Oct 83 p 1] 9884

USSR CONSTRUCTION ADVISORS--The first mid-level multi-projects in electrification and mining in Laos are being feverishly constructed in Vientiane Capital by 210 workers of Construction Company No 22, State Enterprise 2, subordinate to the national construction company, and were aided by 19 Soviet experts. The construction was started in March 1981. Now the 4-year project has been 30 percent completed, i.e., from 1981 to 1985 according to the cooperation agreement signed in 1979 between Laos and the USSR. The construction project for this period is to build 2 houses for teachers, each having 4 stories and holding 24 families, 5 dormitories each having 4 stories, 2 school buildings each with 2 stories, a club, a kitchen,

[repair shop], sports area and 2 houses for directors. When this school is finished it will be able to accept 600 students. The construction of this mid-level multi-project and mines is consistent with the socialist construction policy in our country in order to use electricity and mines in national construction. [Text] [Vientiane PASASON in Lao 25 Oct 83 p 1] 9884

RICE RATIONS, DOLLAR EXPORTS--It is only over 7 years, which is considered an extremely short time for a country, our country, which was seriously destroyed by the war. Agricultural production is backward--much of it is still done in the natural way. The wounds from the war are not yet completely healed. However, the imperialists, the reactionaries and the Beijing expansionists still try without end to destroy us with different tricks. Lao people are both defending and constructing socialism. Now we are able to be self-sufficient throughout the country in which there are nearly 330 kg of paddy rice on the average. There is also expansion in industry. Many factories have been revived and expanded. The value of gross exports production is almost 20 million dollars. [Excerpts] [Vientiane PASASON in Lao 20 Oct 83 p 2] 9884

CSO: 4206/24

MALAYSIA

ADMINISTRATION OF ISLAMIC LAWS IN FEDERAL TERRITORY

Kuala Lumpur NEW STRAITS TIMES in English 9 Nov 83 p 7

[Text] KUALA TERENGGANU, Tues.--An exemplary administration of Islamic laws will be introduced in the Federal Territory soon, the Minister in the Prime Minister's Department, Datuk Abdullah Ahmad Badawi, said today.

The law is currently being studied before being implemented.

Once the law had been enforced, it would be regarded as a "model law" for the other States to follow.

Datuk Abdullah did not elaborate but said that it was up to the various State Governments whether to adopt it or not.

He was answering questions raised by participants of the Second Malaysian Ulamaks Conference after he presented a paper entitled "Infusing Islamic values into the Government's administration--characteristics and problems" at Pantai Motel here.

On the steps taken by the Government to infuse Islamic values into its administration, Datuk Abdullah said the Government was taking a cautious approach.

CSO: 4200/272

CONCERN FOR PLURALISM TO GOVERN APPLICATION OF ISLAMIC VALUES

Kuala Lumpur NEW STRAITS TIMES in English 9 Nov 83 p 8

[Article by Manan Osman]

[Text]

KUALA TERENGGANU. Tues. — The Government will pay heed to the feelings of its multi-racial and multi-religious society in infusing Islamic values into the Government administration.

"This is to ensure that Government policies can be accepted by the people belonging to other religions," Minister in the Prime Minister's Department Datuk Abdullah Ahmad Badawi said.

"We also have to ensure that peace and harmony be maintained at all times besides ensuring that the development of the country is not obstructed or retarded."

The Minister said this today in a paper on "Infusing Islamic values into the Government administration — Characteristics and problems" presented at the second Malaysian Ulama Conference at Pantai Motel here.

Non-Muslims

should not have any fear because the Government would not ignore the fact that the country was multi-racial and everybody had his own role to play in its development.

"In developing the country the participation of everybody irrespective of race and religion is inevitable."

Thus far the Government was satisfied with the co-operation shown between the Muslims and non-Muslims in working towards the country's development, making it one of the most respected countries in this region.

"We may be small, but nobody can deny our achievements which are generally better than some other countries."

"We are also politically and economically stable despite the global (economic) recession."

He said that so far there had been no pro-

blems in implementing Government policies based on Islamic values which could be accepted well by the others.

"The 'Clean, Efficient and Trustworthy' concept, for example, which is encouraged by Islam, is also accepted by followers of other religions."

"...The Government (thus) does not see any problem in implementing its policies in future."

Datuk Abdullah also told the conference that the Government had been setting up more surau in Government offices to enable Government employees to pray.

Government offices would no longer be allowed to be used for parties or other forms of amusement.

But, instead, more religious activities would be organised to increase the awareness of the employees about Islam.

CSO: 4200/272

MALAYSIA

FOREIGN ELEMENTS THREATEN MUSLIM UNITY

Kuala Lumpur NEW STRAITS TIMES in English 10 Nov 83 p 4

[Text] KUALA TERENGGANU, Wed.--Participants of the Second Malaysian Ulamak Conference, which ended here tonight, had expressed fear at the presence of "foreign elements" which were out to threaten Muslim unity in the country.

They urged the Government to take stern action against those responsible to safeguard Muslim unity and the country's security.

The conference's steering committee chairman, Haji Dusuki Haji Ahmad said this was one of the resolutions taken at the four-day conference.

Although Haji Dusuki did not elaborate, it was evident that the ulamaks were referring to the speech made by the Deputy Prime Minister Datuk Musa Hitam when he opened the conference last Sunday.

Datuk Musa had said a foreign nation was exporting "Islamic revolution" to the country aimed at toppling the Government, doing away with the institution of constitutional monarchy and therefore paving the way for an Islamic republic.

Haji Dusuki said the conference also resolved that all religious affairs departments and other relevant agencies should be headed by those who were really experts in the religion.

The departments should also be given more powers and jurisdiction on other aspects as well, in line with the Government's objective of infusing Islamic values into its administration.

The resolutions will be handed over to Datuk Musa who is also chairman of the national religious affairs development committee, for further action.

CSO: 4200/272

PAS MAN WANTS IRANIAN INFLUENCES PURGED

Kuala Lumpur NEW STRAITS TIMES in English 13 Nov 83 p 1

[Text]

ALOR STAR, Sat. — Pas State Assemblyman for Langgar Limbong Encik Said Yassin today said the party risked the danger of destruction if it did not "purge" itself of the influences of the Iranian Islamic revolution.

Encik Said, who is noted for his criticism of the party's new leadership, said the actions of certain groups of young members within the party had only reinforced rumours of a secret relationship between them and the Iranians.

Certain Pas leaders, he claimed, had established contacts with Iranian revolutionary leaders but he declined to provide further details.

"I have always voiced my opposition to such contacts and I have been considered to be acting against party interests."

Encik Said said he was not prepared, as a loyal member, to allow the party's struggle to further Islamic interests to be "adulterated" by influences from the Iranian revolution.

The influences of the revolution which were followed closely by certain young members of

the party were not suitable for this country.

"The people in a multi-racial country like ours will not accept these influences from the Iranian revolution," he said.

Encik Said feared that such influences would not only create divisions among the various races but would also split unity among the Muslims.

"The actions of certain Pas leaders who were over-zealous in promoting the Iranian revolution would only result in firm action against the party by the Government," he added.

The Government had also disclosed a great deal of evidence to show that certain Pas leaders had been maintaining secret relationships with Iranian leaders, he added.

He said other Pas leaders had also admitted there were party members who had visited Iran and made contacts with leaders there.

Encik Said said there were other ways of furthering Islamic interests in the country without leaning on the example of the Iranian revolution.

CSO: 4200/272

MORE STRESS GIVEN TO ISLAMIC VALUES IN SCHOOLS

Kuala Lumpur NEW STRAITS TIMES in English 13 Nov 83 p 6

[Text]

KUALA LUMPUR.
Sat. — The Education Ministry is actively carrying out measures to provide for greater assimilation of Islamic values in the country's education system, Deputy Education Minister Datuk Khalil Yaakub said today.

They include extending the 30-minute period for Islamic studies to 150 minutes under the new primary school curriculum, together with reorientation of the strategy to encourage commitment of pupils to Islamic requirements.

Opening the new building of the Tanjung Keramat National School, costing \$1.2 million, he said the emphasis in the new strategy was on practical application of Islamic teachings and development of Quran-reading skills.

The Ministry was also reviewing the curriculum of secondary schools with a view to aligning it

with the current Islamic development in the country.

He said the Ministry was giving serious attention to religious secondary national schools in view of the upsurge in interest for an Islamic education.

It provided State Government religious secondary schools with teaching manpower assistance and secondary schools with per capita and textbook aid.

Datuk Khalil suggested that Parent-Teacher Associations make more efforts to strengthen their financial position to help their school acquire facilities — such as better libraries.

He welcomed the setting up of the Heads of School Councils at district and State levels to discuss education and administration problems in schools.

Also present was the Deputy Transport Minister, Datuk Abu Hassan Omar, who is also the MP for Kuala Selangor. —

CSO: 4200/272

MALAYSIA

DAP FINDS SAN CHOON 'GUILTY OF BETRAYING TRUST'

Kuala Lumpur NEW STRAITS TIMES in English 10 Nov 83 p 5

[Text] SEREMBAN, Wed.--The DAP has again charged that the MCA and its former president have betrayed the trust of the people of Seremban and the five million Chinese in the country.

The party last night staged a mock trial of the former Seremban MP in "The People of Seremban versus Datuk Lee San Choon" at the Catholic Centre here.

At the trial, 10 charges were read out, all of which accused Datuk Lee of betraying the trust of the people in one way or another.

DAP secretary-general Lim Kit Siang, speaking at the mock trial, said: "Never have so much high hopes been placed by the people of Seremban and the five million Chinese on the MCA and Datuk Lee and never have the people been more disappointed and alarmed."

At a Press conference this morning, Mr Lim called Deputy Education Minister Datuk Dr Tan Tiong Hong a "real talent."

"During the Raub by-election, he went round shouting that I had instigated my supporters to push him into a drain.

"This time, he has taught the women in Seremban to claim that they have been called 'bitches.'"

Mr Lim said he hoped that Datuk Dr Tan would spend more time on educational matters.

Meanwhile, the DAP said it would invite Datuk Dr Neo Yee Pan to the Seremban Recreation Club on Friday night to demonstrate his karate skill.

Its director of operations, Mr Hu Sepang, was quick to stress that the invitation was not a joke.

The invitation comes in response to Datuk Dr Neo's challenge to Dr Chen Man Hin to a marathon run.

ARMY TO IDENTIFY MALAYS AMONG COMMUNIST THAIS

Kuala Lumpur NEW STRaits TIMES in English 9 Nov 83 p 2

[Text]

JOHORE BARU, Tues. — The army will study the background and prepare a list of the Communist terrorists who had claimed they were Malaysians after they had surrendered enmasse to the Thai authorities last week.

Chief of Army Jen Tan Sri Zain Hashim said today:

"They claim they are Malaysians but we have to ascertain this and until we have delved into the background for details, we cannot accept their claims."

He said if the terrorists who surrendered wanted to come over to Malaysia, "we will have to see if they had black records, including criminal records."

Jen Tan Sri Hashim was speaking to newsmen after introducing the Japanese Ground Self-Defence Chief of Staff General Keitaro Watanabe to the Press at the Pulada training area near Kota Tinggi after a field lunch.

Jen Tan Sri Hashim was asked to comment on claims by about 45 CPM members who formally surrendered with 166 CPT members and 469 separatists in a ceremony at Sirindhorn barracks near Yala in South Thailand last Wednesday.

He said despite the mass surrender, Communists at the Malaysian-Thai border areas "were

still a threat to the country's peace."

"Only after we have accounted for every single CPM member, male or female, can we rest It's like a cancer, it'll grow," he said.

He said soon after the emergency in the early 80's, it was thought that the Communist threat to the country was over "but they grew."

On a claim by a CPM member (who was among those who surrendered on Wednesday) that the CPM secretary-general Chin Peng was still alive and had returned to the Malaysia-Thai border area to inspire unity among his members, Jen Tan Sri Hashim said:

"We'll have to wait and verify that claim but whether Chin Peng is still alive or otherwise, the organisation will go on with its struggle and we have to be on the alert all the time."

Earlier, before the Japanese army chief spoke to the Press, Jen Tan Sri Hashim said his Japanese counterpart was reciprocating the visit which he had made to Japan when he assumed the post.

"I visited a number of countries in the region, and following my visit, I extended an invitation to my counterparts," he said.

CSO: 4200/272

MALAYSIA

ALLEGED RETURN OF CHIN PENG PLOY TO RAISE MORALE

Kuala Lumpur NEW STRaits TIMES in English 9 Nov 83 p 2

[Text]

KUALA LUMPUR,
Tues. — The National Security Council feels the claims by surrendered communist terrorists that Chin Peng has returned to Communist Party of Malaya (CPM) bases at the Thai-Malaysian border is a ploy to boost the flagging morale of their comrades in the jungle, intelligence sources said today.

The sources said Chin Peng, 64, the outlawed secretary-general of the CPM, is in poor health and could not have returned even if he had wanted to.

Nevertheless, the council will investigate the claims in cooperation with intelligence agencies of the police and Armed Forces.

The sources said their reports indicate that Chin Peng has not made any attempts to return to his jungle bases since he took refuge in China.

"The NSC's view is that Chin Peng could not have made the trip because he

is believed to be in poor health.

"He is reportedly suffering from gout. He has also been in and out of hospital which makes it inadvisable for him to attempt long-distance journeys, especially from China to the Thai-Malaysian border."

Claims that Chin Peng has returned to the Thai-Malaysian border were made by some of the 500 communist terrorists who surrendered in southern Thailand recently.

"In a way they want to tell us that Chin Peng, despite his poor health, is still willing to meet his subordinates to tell them that there is still hope of introducing communist rule by armed struggle in Malaysia," the sources said.

"We believe they did not surrender for the sake of surrendering. Some of them had been instructed to be agents for the CPM and to spread propaganda such as the one about Chin Peng being at the Thai-Malaysian border."

CSO: 4200/272

IMPROVEMENT IN PEPPER TRADE SEEN

Kuala Lumpur NEW STRAITS TIMES in English 10 Nov 83 p 17

[Article by S. Durga Varma]

[Text]

PEPPER, which is the only commodity that has been continuously experiencing low prices for the past five years, is showing signs of emerging from the doldrums. Deputy Primary Industries Minister Bujang Ulia said.

He said the average price of Sarawak white pepper, Kuching Grade No 1, had improved tremendously to \$454.00 per 100 kilo at the end of last month from \$348.87 at the end of the first week of October.

He said there had been a steady recovery in prices since then and he was confident the commodity would be able to fetch the 1977 level of \$487.27 per 100 kilo by the end of the year.

Encik Bujang also said depressed world supply and indications of the world economy coming out of the recession were the main reasons for the price recovery.

He advised pepper smallholders not to give up hope in the future of the industry as there were now more indications the commodity may be in great demand.

Other pepper-producing countries like Brazil, Indonesia, Sri Lanka, India and Madagascar were now undergoing a

shortage of crop as their production levels this year were expected to drop.

Brazil, a major producer, he said, was faced with a crop failure and floods that were expected to cut down production by 50 per cent this year.

This coupled with depleting stocks worldwide were also anticipated to help Malaysia export overseas and fetch better prices in the terminal markets of New York.

Encik Bujang also said the minimum export price for pepper, which has now been revised upwards to US70 cents per pound, came into effect last Tuesday as the second stage of the agreement reached among the International Pepper Community (IPC).

The community had fixed the new export price at US70 cents per pound for the asta grade of pepper, New York bound, from its previous price of US65 cents per pound in an effort to arrest the declining trend in the price of the spice on the world market.

The minimum export price was first suggested by producing countries so as to provide a fair and equitable price for both producers and consumers of pepper but more so

to help stabilise its price movement.

Encik Bujang said this minimum export price would be extended to pepper exports to other markets based on the success of this initial scheme.

He said initial reports indicated that pepper prices in the New York market were now fetching US78 cents per pound, far above the minimum set by the IPC which he described as an encouraging indication of its future performance.

He added that the Government would do all it could to ensure the pepper industry would continue to sustain its growth in order to uplift the socio-economy of the smallholders.

Encik Bujang said the Government were already extending dies through state culture offices and the Pepper Marketing Board was now entrusted with a revolving fund to buy pepper at fair prices from smallholders.

He added that the board would soon work on ways and means to help the majority of pepper producers, who were smallholders, to organise themselves so as to be able to export their produce directly to overseas destinations.

CSO: 4200/272

BIG RISE IN COMMODITIES EXPORTS REPORTED

Kuala Lumpur BUSINESS TIMES in English 9 Nov 83 p 24

[Article by Ho Sook Han]

[Text]

EXPORT volume of most of Malaysia's major commodities was up considerably in the first eight months of this year although unit values showed declines compared with the corresponding year-ago period. This reflects the usual time lag between economic recovery in the industrial countries and its impact on prices in the market place.

The Statistics Department's latest figures for Peninsular Malaysia, which indicate the trend for the country as a whole, show the increase in export volume ranged from 78 per cent for petroleum products to about six per cent for sawn timber. The decline in unit value ranged from 18 per cent for palm stearin to four per cent for tin.

Crude petroleum, which accounts for 15 per cent or the largest share of total Peninsular export earnings, recorded an 18 per cent rise in volume to about four million tonnes in the January-August period compared with the corresponding year-ago period. Exports were valued at \$2.5 billion or about \$812 per tonne.

This is equal to around US\$35 a barrel, much higher than the average of US\$30.88 assumed for

the year in the Treasury report. The difference reflects the higher earnings during the first two months of the year before Opec prices fell in March.

Exports of petroleum products, which make up less than three per cent of total earnings, rose by about 50 per cent in value.

On the other side of the coin, Malaysia's crude petroleum imports increased 28 per cent in volume and 25 per cent in value. Purchases from Saudi Arabia, which accounts for almost 78 per cent of the total value, reached 1.8 million tonnes during the period, an 88 per cent increase.

Imports from Iran rose by about 40 per cent in both volume and value while there were no shipments at all from the United Arab Emirates compared with \$176 million worth in the similar period last year.

Looking at exports of other major commodities, palm oil, palm kernel oil, tin and rubber performed well. The volume increases were 50 per cent for palm oil, 35 per cent for tin, 25 per cent for palm kernel oil and about six per cent for rubber.

However export volume of palm olein was down 13 per cent while that for stearin was down

by 27 per cent.

Unit values were uniformly down for all major commodities exports except for rubber which showed a 16 per cent increase to 227.9 cents per kg compared with the same period of 1982 and sawn timber, almost nine per cent to \$359.3 per cu. metre.

Manufactures, apart from footwear, also turned in a respectable performance. Export of semiconductors and other electronics components which contribute 15 per cent to total earnings increased 23 per cent to \$2.5 billion. Garments, accounting for two per cent of total earnings, achieved a 25 per cent growth in export value to \$335 million. Export value of woven cotton fabrics — less than one per cent of total earnings — increased eight per cent to \$63 million.

Footwear exports, which contribute less than one per cent in total earnings, were valued at \$45 million, down by 18 per cent.

Machinery and transport equipment remain Malaysia's biggest single import, accounting for 41 per cent of the total or \$7.5 billion in the first eight months. Such imports increased eight per

cent over the year ago period. Since unit values have been the same or are easing, the increases in volume terms would have been larger still — quite remarkable in view of the recessionary conditions which have been dampening investment sentiments.

Looking at specific countries, the US remains Peninsular Malaysia's largest single market accounting for 16 per cent of total export value. Direct exports to the US reached \$2.7 billion — up by almost half compared with the year ago period, reflecting perhaps the strength of the US economic recovery vis-a-vis that of the EEC, another major market.

Exports to Japan, which takes about eight per cent of Malaysia's exports, dropped six per cent while sales increased 18 per cent to the EEC which has a 17 per cent market share.

Malaysia's imports from the US declined by eight per cent while purchases from Japan rose 18 per cent and from the EEC by 26 per cent. Japan is the biggest supplier, providing 23 per cent of total imports in value terms while the US accounts for 16 per cent and the EEC 14 per cent.

PALM OIL PRODUCER GROUPING PROPOSED

Kuala Lumpur BUSINESS TIMES in English 10 Nov 83 pp 1, 24

[Article by Soh Eng Lin]

[Text]

HAVING successfully helped to bring about the birth of international pacts among producers of natural rubber and tin, Malaysia seems set to play a similar role in bringing about the formation of an association of palm oil producing countries (APOPC).

The idea of such an association was in fact mooted by a senior official of the Primary Industries Ministry on Tuesday at a panel discussion on the transfer of technology to the palm oil industry held in Serdang.

Encik Mohd. Akhbar Baba, secretary of the Ministry's oil palm division, suggested that one way to promote the continued growth and development of oil palm growing in Malaysia would be to set up an APOPC.

He argued that this association would fulfil the same objectives and operate along the same lines as the Association of Natural Rubber Producing Countries and the newer Association of Tin Producing Countries.

Encik Akhbar (who earlier chaired a workshop session on production technology and marketing policy) did not elaborate on the proposal.

But comments by the other speakers at earlier sessions suggested scepticism about the feasibility of a producer grouping.

As pointed out by one speaker, palm oil is only one of a dozen closely similar products which contribute to the supply and demand of fats and oils in the world market.

Moreover, as the country which has been mainly responsible for raising palm oil to its current status as an internationally-traded commodity, Malaysia has an overwhelming dominance over the production and marketing of the product — a factor which no doubt would discourage other palm oil producing countries like Indonesia and Nigeria from cooperating with this country unless the liaison can clearly be shown to work to their advantage.

Another panellist, Haji Harun Mohd Arabe of the Agriculture Department, indirectly substantiated the last point made by Encik Akhbar when he stressed the "uniqueness" of palm oil as a smallholder crop.

As Haji Harun pointed out, palm oil production by smallholders does not have quite the same "deep-rooted" tradition

and influence as the production of rubber, padi and coconuts.

Not only is oil palm growing relatively new and "foreign" to Malaysia but it is also an industry which (for various reasons) has been considered as being more suited to largescale cultivation.

It was no doubt in recognition of this pertinent fact that much of Tuesday's debate centred on the need for Malaysian smallholders to be effectively transformed into scientifically-minded people capable of using "integrated" farming techniques if the full potential of oil palm growing in Malaysia is to be realised.

Encik Harun (who holds the rank of crop production director) gave an indication of what this potential can amount to when he stressed that, with the "state of the art" technology, the unit production of oil palm fresh fruit bunches in Malaysia today can be raised from the average of only five tonnes per hectare a year in the smallholder sector to 40 tonnes per hectare a year.

As was inevitable at such discussions, the participants at the closing session of the two-day symposium were also treated to the proposal that the thorny problem of marketing smallholder oil palm fruits could be resolved through some form of price-support arrangement, as has been used for subsidising padi growing.

A more promising solution to the problem of marketing of smallholder output was put forward by Encik Amha Buang of the Primary Industries Ministry when he argued that ways and means should be found to encourage smallholders (or groups of smallholders) to process their oil palm fruits into crude palm oil before selling them to dealers and refiners.

In this connection, the move by the Palm Oil Research Institute of Malaysia (Porim) to study the use of "mini mills" by oil palm growers can be considered timely and appropriate, he argued.

The two-day workshop on technology transfer in the oil palm industry was jointly organised by Porim and Universiti Pertanian Malaysia.

INDUSTRIES MINISTER LUKEWARM ON PALM OIL PRODUCERS CLUB

Kuala Lumpur BUSINESS TIMES in English 11 Nov 83 p 1

[Article by Khalid Jaafar]

[Text]

PRIMARY Industries Minister Datuk Leong Khee Seong is not too keen on the idea of an association of palm oil producing countries (APOCP) to advance the interests of the commodity.

Without rejecting the idea totally, the minister argued that the proposed association would not function effectively as other vegetable oils, which compete with palm oil, must also be taken into account.

"Having a producer association for palm oil to stabilise price of the commodity would not be easy as consumers could easily switch to other vegetable oils or other substitutes of palm oil," he explained.

He was commenting on a proposal made by Encik Akhbar Baba, secretary of his own ministry's palm oil division, during a panel discussion on technology transfer relating to the palm oil industry at Serdang.

In making the suggestion, Encik Akhbar had argued that the association of palm oil producing countries could serve the industry in the same way as the Association of Natural Rubber Producing Countries (ANRPC) and the Association of Tin Producing Countries (ATPC) in the case of the respective commodities.

Speaking to reporters after opening the Rubber Research Institute Staff Union (RRISU) meeting yesterday, Datuk Leong

said although Malaysia had been the chief advocate of commodity producers' associations and had been instrumental in the establishment of the ANRPC and ATPC, it had not given much thought to the idea of a parallel grouping for palm oil.

He pointed out, however, that since Malaysia accounted for about 80 per cent of the world's total palm oil exports, it could initiate effective price stabilisation measures on its own without the need for an association of producers.

Commenting on developments in the rubber industry, Datuk Leong said the introduction of the mechanised tapping signalled a trend towards increasing mechanisation and automation in the industry.

"Increasing the degree of mechanization and the adoption of a less labour-intensive tapping system has been looked upon by the industry as the long-term solution to overcome labour shortage."

He praised the plantation workers' leaders for welcoming the introduction of innovations in the industry.

"The adoption of suitable technologies would be crucial for the plantation industry to stick with rubber in the face of other alternative and attractive uses of land in the country. It would also help to cope with the problem of rising production costs to enable industry to remain viable and competitive," he said.

Explaining the role of R & D in enabling natural rubber to maintain and strengthen its competitive position over the years, the minister said the industry had been able to improve efficiency and output due to its research efforts.

However, he noted that the achievements of R & D were not without considerable cost. Rubber was the single largest contributor of funds for R & D compared to other commodities.

"This is reflected by the investment in research of about \$60 million a year on R & D under the Malaysian Rubber Research Development Board system. In fact, the cost of R & D has been increasing over the years. Accordingly it was found necessary in 1981 to raise the level of research cess from 2.2 cents to 3.85 cents a kg."

Touching on the RRIM workers, Datuk Leong said that the institute was finalising the details of how the terms and conditions of the Cabinet Committee Report on Salaries could be extended to the plantation workers of RRIM. This, he believed, would benefit the employees concerned.

"With the provision of enhanced benefits and the change from daily-rated employment to monthly salaries, it is hoped that this would help to intensify the application of RRI findings to both estate and smallholder sectors," he said.

EDITORIAL: PALM OIL CLUB IMPRACTICAL

Kuala Lumpur BUSINESS TIMES in English 11 Nov 83 p 24

[Editorial: "Palm Oil Club a Non-Sarter"]

[Text]

ALTHOUGH an association of palm oil producers would certainly benefit Malaysia, such an organisation may not be practicable for several reasons. One problem is the financial cost such an organisation would entail which would have to be borne entirely by producers. At this juncture, when many developing countries, including some palm oil producers like Indonesia, are being forced to trim development expenditures, they may be reluctant to take on another financial commitment.

Secondly, the overwhelming dominance of Malaysia, both in terms of output and exports, may make it difficult to persuade other producers that it would be in their interests to join hands. A potentially contentious issue that may arise, for example, is the allocation of votes. Normally, this should reflect a country's share of either world production or exports. Since Malaysia accounts for more than three-fifths of the world's total supply as well as exports, this would leave other producers in the uncomfortable position of being in a hopeless minority. Provisions would therefore have to be made to safeguard their position. This may not be easy since a country's voting power would presumably be linked to its financial contributions.

The substitutability of palm oil also makes the task of stabilising prices a difficult one. Unlike tin or rubber which have only a few substitutes, a multitude of other oils and fats can usually be used as an alternative to palm oil. Moreover, it does not seem to have any qualities that would give it a decisive edge over other oils and fats. This means that the use of palm oil depends on its cost competitiveness. Attempts to bring supply in line with demand, either through export controls or buffer stocks, would fail because consumers could switch to either soyabean oil, sunflowerseed oil or other oils with minimal adjustments, a point made by Datuk Leong Khee Seong yesterday. Ensuring palm oil producers a fair and remunerative rate of return would therefore require the cooperation of other producers of oils and fats. This may not be forthcoming. The US, a major producer of oils and fats, has little liking for commodity agreements which it perceives as contrary to free market principles. Moreover, the diversity of countries from all continents would make an association of producers of oils and fats too unwieldy, and thus unworkable.

Another point to note is that if a producers' association is set up, it would have to give greater emphasis to supply management. Unlike natural rubber where demand is expected to outstrip supply, long-term

prospects for palm oil are not too bright. One indicator is the downward trend in prices in real terms over the last ten years, largely because of an expansion of output by edible oil producers. If this continues unchecked, the downward trend may become sharper. A major objective of the proposed producers' association should be to agree to curb output expansion in an orderly manner. If so, other producer countries would be reluctant to join because allocations of any expansion based on present production shares would be disadvantageous to them. In short, although Malaysia is an ardent advocate of producers' associations, it realises only too well that this would not be appropriate in the case of palm oil.

CSO: 4200/270

JAPANESE EXPERTISE TO HELP PLASTICS SECTOR

Kuala Lumpur BUSINESS TIMES in English 10 Nov 83 p 24

[Article by Vong Nyam Ming]

[Text]

JAPAN is starting a technology transfer programme that will help launch the Malaysian plastic industry into international export markets.

And a top team of Japanese plastic industry experts flown in to Malaysia by Jetro, the Japan External Trade Organisation, finds that the local industry, which has been blinded by short term gains, can hit world markets provided it thinks long term and invests in productivity and quality.

Based on the legwork done by the Japanese industry experts, Jetro will be flying over appropriate plastic industry experts to teach skills to local line foremen and middle rung managers early next year, probably by February.

Jetro chief, Mr Hiroki Sakamoto, yesterday told *Business Times* that the programme aimed at bringing technology transfer down to the really effective level: to the line managers rather than the intellectuals and academics.

"A lot of people have been complaining about technology transfer. But it's not just brainwork or

sophisticated knowledge. "With this project, we're going to get to the root of the matter and teach the line managers and production workers how to do things better.

"And we're going to bring our industry experts, people who have graduated from the floor to top-rung management levels, to show Malaysian managers that you don't battle price competition by lowering quality and cost. In Japan, you raise efficiency and productivity to reduce cost — never sacrifice quality for cost.

Jetro's project, called the diffusion of appropriate technology to the small and medium scale industries, has Malaysia and the Philippines in its focus this year. Thailand and Indonesia were covered last year.

"In Malaysia, we targeted on the plastics industry because this is a typical small scale industry and this is one industry which a newly industrialising country can go into.

"We aim to assist the strengthening of small scale industries and to help these reach the level of quality acceptable in export markets, especially

Japan.

"It is relatively easy to achieve transfer of technology in the plastics industry, compared to metal working and electrical industries," he said.

Mr Sakamoto was speaking at the winding up of the Jetro-organised mission of top Japanese plastic industry experts sent to study a broad sample of Malaysian producers of plastic goods.

The five-men mission will be producing a report, the findings of which will be used to organise the workshop for line managers working in the Malaysian plastic industry.

The team left yesterday after a 13-factory study visit over eight days.

Mission leader, Mr A. Kuroki, advisor to the Association of Engineering Consulting Firms of Japan, said that the team had the overall impression that the Malaysian plastic industry had a primitive level of quality control.

"But more important than this is that the people we met at the factories were really very eager to learn how to improve standards and pro-

ductivity.

"At first they thought they knew all but when they saw that we had good points to make, they changed their attitude and became more open," Mr Kiroki said.

Another team member, Mr Y. Ohkubo, manager of engineering in Sumitomo Heavy Industries' plastics machinery plant, said that with suitable doses of technology transfer, the Malaysian plastic industry could move into what he called the second phase.

Mr Ohkubo delineates plastic industry into three levels, starting with phase one at the bottom where firms are producing simple items like buckets and other household goods.

In phase two, the industry starts making precise parts with close tolerances like gears, pins, rollers, and other components for cameras and electronics. In this phase, there is also complete automatic processing.

In phase three, the whole factory is almost completely automated. Japan is entering phase three and there are firms where factory automation is state-of-the-art.

TECHNOLOGY TRANSFER PANEL FORMED

Kuala Lumpur BUSINESS TIMES in English 11 Nov 83 p 3

[Article by G. Danapal]

[Text] A SPECIAL committee that will tackle the transfer of technology through training and education has been set up in the Prime Minister's Department.

Stating this in Johore Baru yesterday, the Minister in the Prime Minister's Department Datuk Abdullah Haji Ahmad Badawi said with the introduction of privatisation and Malaysian Inc. concepts and the Look East policy, the government was compelled to find new sources for the transfer of technology.

Transfer of technology has to be done in a systematic and comprehensive manner and not on an ad hoc basis, he said.

"This is the task of the committee as the transfer of technology is a national plan and we will have to be successful," he said in a briefing to State Executive Councillors, heads of state and federal departments on manual working procedures and desk file.

The committee, which is attached to the Economic Planning Unit, is headed by Datuk Abdullah himself.

He said with the transfer of technology, new ideas have to be put into the science of management.

"We don't want heads of departments and others in the civil service to be caught unprepared with the transfer of new technology," he said, adding that officers in the government service ought to have some knowledge on how to efficiently carry out the government's national plan.

"We don't have the facilities with regards to the transfer of technology and hence we have to look elsewhere for it.

"We have to identify all the new sources of technology and implement them effectively on a long-term basis."

Transfer of technology also meant proper planning, training and the number who ought to receive the benefit and training. "These will be the priorities and hence the need to improve the efficiency of the Public Services Department."

In the implementation of the procedures and the desk file system, officers should not run away from their normal duties nor should they expect special allocations of funds or extra officers to help them out.

"Every department must be involved," he said, adding that there were some which were under the misconception that they did not have to implement the procedures and desk file system as they felt that Treasury instructions were sufficient.

CSO: 4200/270

MANUFACTURING SECTOR SHOWS SIGNS OF IMPROVEMENT

Kuala Lumpur BUSINESS TIMES in English 14 Nov 83 p 1

[Text]

WITH the upturn in the economy the manufacturing sector is showing signs of improvement. Sales of manufactured products during January to July, 1983 reached \$14,199 million, an increase of four per cent compared with sales for the same period last year.

According to monthly industrial statistics released by the Department of Statistics, industries which showed significant increases during the period were: pulp, paper and paperboard (31 per cent); manufacture of basic industrial chemicals except fertilisers (21 per cent); electrical appliances (20 per cent); manufacture and assembly of miscellaneous electrical apparatus (22 per cent); motor vehicle parts and accessories (33 per cent); and, manufacture and assembly of motor cycles and scooters (59 per cent).

The manufacture and assembly of bicycles, tricycles, trishaws and their parts and accessories showed a decline of 21 per cent.

The total value of sales in July 1983 was \$1,958 million representing a drop of 10 per cent compared with the sales for

the previous month.

Significant decreases were in pineapple canning, edible vegetable oils and fats, cocoa, chocolate and confectionary, footwear, chemical fertilisers and pesticides.

Also down were cement and concrete products, electrical industrial equipment, dry cells, batteries and related articles, motor vehicle bodies and manufacture and assembly of motor cycles and scooters.

Paid employment in the manufacturing sector showed an increase of 1,864 persons or 0.6 per cent between end July 1982 and 1983. A total of 323,803 persons were employed in the sector.

The industries where employment grew were rice milling, cement and concrete, household radios and related equipment, manufacture and assembly of miscellaneous electrical apparatus, motor vehicle parts and accessories and pioneer establishments.

The index of industrial production for July 1983 was 280.6, an increase of 2.8 per cent against the previous month. The manufacturing index was 390.8, mining index 45.7 and the electricity index 371.0 for July 1983.

CSO: 4200/270

FUNDS SQUEEZE MAY HIT RISDA REPLANTING SCHEME

Kuala Lumpur BUSINESS TIMES in English 14 Nov 83 p 1

[Article by Khalid Jaafar]

[Text] RISDA, the federal agency responsible for modernising and developing the smallholder sector, is likely to face severe financial constraints in the coming year. This situation, if it comes true, might affect the agency's proposed replanting programmes.

A calculation done by Encik Mazlan Haji Jamaluddin, vice president of the Malaysian Rubber Producer Council (MPC), pointed out that Risda would be short of some \$68.8 million to finance next year's replanting activities.

According to the expenditure estimate proposed in the 1984 budget, Risda plans to replant a total of 36,442 hectares of smallholdings in 1984 consisting of 25,500 hectares of rubber, 7,925 hectares of oil palm and the rest in other crops. This is estimated to cost about \$155.6 million.

Of this cost, \$100.6 million would be for subsequent payments--the installments due to the smallholders who replanted in the current and previous years.

The remaining \$55 million is for the smallholders just starting to replant during the 1984 period.

Encik Mazlan said Malaysia would be able to collect about \$140 million for the cess fund next year, the sole source of financing replanting activities.

However, 38 per cent or \$53.2 million of the fund would go the estate sector leaving the other 62 per cent or \$86.8 million to the smallholders sector. Hence, there would be a shortfall of some \$68.8 million in Risda financing.

Unless the federal government extends a grant or loan, Risda would be left with no choice but to reduce replanting.

Bearing in mind the general cutback in government expenditure in the 1984 budget, it is unlikely that the agency would be given these funds.

In fact, sources said that senior Risda officials were aware of the shortage of funds for the coming year and the agency's budget section had planned a memorandum to be presented to the board members recommending substantial reduction in the replanting acreage.

In the current year, Risda expects to develop about 23,000 hectares including new planting and increase its total replanted area to 676,790 hectares.

Based on a total productive area pf 635,580 hectares, Risda's rubber production in 1983 is expected to total 915,000 tonnes compared with 902,261 tonnes in the previous year, or an increase of about 1.4 per cent.

CSO: 4200/270

ECONOMIST URGES NEP EXTENSION BEYOND 1990

Kuala Lumpur BUSINESS TIMES in English 16 Nov 83 p 1

[Text] THE implementation of the New Economic Policy needs to be extended beyond 1990, emphasising more on efforts to raise the income of the poor, especially rubber-tappers, small-holders and padi planters, a leading economist, Royal Professor Ungku Aziz said yesterday.

In an interview with the official publication of Umno, Merdeka, Prof. Ungku Aziz said he did not see how the objectives of the NEP could be realised by 1990 since there were still many poor people who needed to be helped.

He said the efforts to raise the economic status of the poor Malays, numbering several hundred thousand who still live below the poverty line, needed a longer time.

The royal professor, who is also the vice-chancellor of University Malaya, was of the opinion that the economic recession had one way or another impeded the implementation of the policy.

He conceded that many government economic industrial and educational programmes with the objective of creating a professional Malay class had achieved the desired results.

"But efforts to raise the standard of living of the poor like rubber-tappers, smallholders and padi planters have yet to achieve their objectives and must be intensified and given priority," he said.

He also said that in line with the government "Look East" policy, Malaysia should follow the example set by Japan in helping their rural poor.

He also blamed some planners whom he said were mainly responsible for the failure to raise the income of poor people.

To overcome this, Prof. Ungku Aziz suggested that all government agencies be coordinated to help the poor people.

CSO: 4200/270

JAPANESE URGED TO SET UP SUPPORT INDUSTRIES

Kuala Lumpur BUSINESS TIMES in English 17 Nov 83 pp 1, 24

[Article by Hamidah Hamid]

[Text]

MALAYSIA would like to see Japanese investors setting up local supporting industries to supply parts and components to export-oriented industries, particularly in the free trade zones in the country.

At present, most of the predominantly electronics industries in the FTZs import a substantial amount of their immediate inputs as local industries were unable to meet their requirements adequately.

According to director general of the Malaysian Industrial Development Authority (Mida), Datuk Abdul Rahman Haji Yusof, the thrust will be directed at upgrading of existing facilities in the supporting industries and the production of additional items.

"We recognise there is a lack of technology for the production of higher precision products required by export-oriented firms and it is in this aspect of technology as well as capital and management knowhow that we would like to invite you to go into joint ventures or technical collaboration with Malaysian companies," he told Japanese industrialists.

He was speaking at a two-day symposium in Japan for the promotion of Japanese investment in Asean countries organised by the Tokyo-based Asean promotion centre of trade, investment and

tourism (Asean Centre) which ended on Tuesday. The text of his speech was released by Mida in Kuala Lumpur yesterday.

Among the supporting industries Japanese companies could invest in are products for electronic clock movement, lead frames, ceramic packages for semi-conductors, printed circuit boards, solders and gold preforms.

He noted that although there was a large demand for ceramic packages and lead frames by the electronics industries in Malaysia there was still no local manufacture of these items.

He said there was also scope for the production of high quality, sophisticated plastic moulds and dies, plastic parts for finished products, cassette player mechanisms, speakers and television tubes.

Although a wide range of packaging materials was being locally produced, some sophisticated plastic packaging materials such as overwrap and plastic coated boxes were imported, he said.

Apart from the demand for intermediate industrial inputs, there was also a growing market for engineering industries. One important engineering supporting industry in Malaysia was tool and die-making.

Presently there are a number of tool and die-

manufacturers in Malaysia including foreign-owned ones which were able to produce specialised tools and dies of international standard.

However Malaysia still relied on imports from Japan and Singapore for its requirements especially for sophisticated tools and dies for plastic conversion, die-casting and metal processing industries.

Datuk Abdul Rahman said the Malaysian government was prepared to consider very favourable incentives for precision industries manufacturing high quality optical and medical instruments and apparatus, measuring and checking instruments, photographic and cinematographic supplies, optical goods, watches and clocks.

Since the domestic market for such products was small, the projects would have to be export-oriented aiming for high quality, Datuk Abdul Rahman said.

Touching on Japanese investments in Malaysia, he said at the end of 1981, 163 manufacturing projects with Japanese investments were in production with investments totalling M\$691.3 million.

Datuk Abdul Rahman also briefed the participants on the monetary policy and exchange control practices of Malaysia, stressing its liberal foreign exchange rules as a major incentive.

TIN SMUGGLING REPORTED UNDER CONTROL

Kuala Lumpur BUSINESS TIMES in English 17 Nov 83 p 24

[Text]

LONDON, Nov. 16

SMUGGLING of tin, which is subject to International Tin Council (ITC) export quotas, in South-East Asian producing countries is under far greater control, ITC delegates said.

This has emerged during a three day meeting, ending today, of the ITC's economic and price review panel, they said.

In particular, Malaysia really appears to have the smuggling problem under control, they said.

According to an ITC report circulated in August, tin smuggling in the region accounted for 16,500 tonnes of tin metal in the 12 months from when the ITC's 38 per cent export cutback was introduced in July 1982.

(The cutback is currently running at just over 39 per cent, which limits exports from ITC

producer countries to 22,000 tonnes per quarter).

Some delegates said the problem continues, though to a lesser degree, in Singapore and in Thailand, where the end to the monsoon and higher output will test the improved controls.

Further signs of a deficit between newly mined world tin production and consumption are provided by indications world stocks have fallen in the past two months, the delegates said.

Last week ITC buffer stock manager Pieter de Koning told *Reuters* total LME stocks plus additional stocks he holds outside the LME have fallen by 8,000 tonnes since July.

The ITC panel is unlikely to decide to recommend the council to revise the ITC price range of \$29.15 to \$37.89 per kilo when it meets here on Dec. 6/8, they added.

CSO: 4200/270

NEW CALEDONIA

BRIEFS

SELF-RULE BY 1985--Noumea--A plan to make this French-ruled South Pacific territory independent by 1985 was submitted to the visiting French Secretary of State, Mr Lemoine, by the New Caledonian Independence Front yesterday. Mr Lemoine, responsible for France's overseas territories and departments, is due to announce a much-awaited plan for New Caledonian internal self-rule in a speech to the 36-member Territorial Assembly tomorrow. The French plan will include a five-year period of evolutionary and transitory self-rule, during which a referendum is to be held on a definitive status, which Mr Lemoine has said may include independence. The Independence Front, which mainly culls support from the South Pacific island's estimated 56,000 native Melanesians, or Kanaks, yesterday called for a self-determination poll in which only New Caledonian citizens with at least one parent born in the territory could vote. However, the Federation for a New Society in Caledonia, which is the senior partner in a ruling alliance with the Independence Front in the Territorial Assembly, opposed the limited poll and expressed agreement with Mr Lemoine's project. Although sceptical about the chances of their independence project being accepted by the French Government, officials of the front said they would continue to work within the present institutional framework at least until the French Parliament had voted on Mr Lemoine's plan. New Caledonia has a population of some 133,000, including some 51,000 Europeans, mostly of French origin. ACENCE FRANCE-PRESSE [Text] [Canberra THE AUSTRALIAN in English 23 Nov 83 p 5]

CSO: 4200/276

PHILIPPINES

MARCOS AUTHORIZES FULL FOREIGN INVESTMENT

Manila BULLETIN TODAY in English 3 Dec 83 pp 1, 10

[Article by Willie NG]

[Text] Baguio City--President Marcos issued Presidential Decree No 1892 yesterday, authorizing foreign businessmen to invest up to 100 percent in non-pioneer enterprises.

The decree, which takes effect immediately, gives foreign investors one year to set up their business under this scheme.

Foreigners who have already invested in non-pioneer enterprises under the old 60-40 provision (40 percent for the foreign partners) may now increase their equity up to 100 percent.

Foreigners, however, may not engage in activities reserved by the Constitution and existing laws for Filipino citizens and juridical entities owned by Filipinos. Among such activities would be retailing, which includes supermarkets and restaurants.

The President said the decree was aimed at accelerating entry of foreign capital into the country during the economic crisis.

The decree suspended the effectivity of Article 34(1) of Decree No 1789, known as the Omnibus Investment Code, limiting equity of foreigners in non-pioneer industries to 40 percent. The 60 percent must be in Filipino hands.

At the end of the prescribed one-year period, the decree provides that the status of new investments registered in the period, as well as existing ones whose equities are increased would be maintained.

They would not be affected by the reactivation of the nationality requirement under the Omnibus Investment Code at the end of the one-year period.

Foreign investors must comply, however, with the other provisions in Article 34(1) of Decree No 1789, and such other conditions provided for in the code.

Minister of Trade and Industry Roberto Ongpin said the decree was based on a study undertaken by the Board of Investments on the feasibility of liberalizing the nationality requirement in order to encourage capital inflow.

The Philippine Business Conference proposed the liberalization during a recent meeting under the auspices of the Philippine Chamber of Commerce and Industry.

Filipino business leaders, as well as representatives of industrialized nations with investments exposures here attended that conference.

The President said it was the policy of government to encourage and promote foreign investments in the various economic activities of the country, as long as such participation was consistent with national goals and policies.

He said there was increased interest among foreign investors to enter into joint ventures with Philippine partners, particularly in preferred areas of investments.

He said increased foreign investments during this time of economic difficulties would contribute to the achievement of economic goals. Hence, the relaxation of the nationality requirement "is in the best interest of the country," he said.

Ongpin said joint ventures were particularly interested in the liberalization because of temporary difficulties in opening letters of credit.

Ongpin said the re-adoption of the new incentive by the foreign counterparts of Filipino entrepreneurs, they would now be able to import equipment, raw materials, and supplies as equity contributions.

CSO: 4200/289

CENTRAL BANK RESTRICTS GOVERNMENT FOREIGN GUARANTEES

Manila BULLETIN TODAY in English 7 Dec 83 p 20

[Text]

Issuance of foreign guarantees by any government firm or financial institution was restricted by the Central Bank yesterday.

In a circular released yesterday, the monetary board ruled that all foreign guarantees which give rise to actual foreign liabilities by the guarantor in case of actual default by the principal obligor shall require "prior approval" by the CB.

The CB adopted the measure as a means of limiting contingent claims in foreign currency on Philippine institutions since such claims give rise to actual liabilities in case of default.

The following guarantees are covered by the circular:

1. Bond payment guarantees (bid, performance, advance payments, etc.) issued by domestic banks and financial institutions as well as government-owned or controlled corporations to secure obligations of local contractors with overseas projects.

Affected by this requirements are future guarantees or counter-guarantees to be issued by the Philippine Guarantee and Loan Insurance Corporation.

2. Foreign loan guarantees issued by domestic banks and financial institutions as well as government-owned or controlled

corporations to secure any foreign obligations, including those of their foreign subsidiaries and branches.

3. Guarantees issued by foreign banks and financial institutions to secure both foreign and peso obligations of local firms.

The circular said guarantees shall be approved in such amounts as may be fixed by the monetary board.

The CB issued the new circular to implement a Cabinet policy restricting the grant of foreign guarantees.

A number of projects financed by foreign loans which were guaranteed by the Philippine National Bank, the Development Bank of the Philippines, Philguarantee and other government firms have failed, leaving the guarantors to shoulder the payment of the foreign obligations.

These obligations became an added burden on the government's debt servicing program and consequently created a strain on the budget.

Moreover, many foreign lenders relied solely on the strength of a government guarantee in granting the financing without making a closer scrutiny of the viability of the project.

CSO: 4200/289

SHARP DROP IN EXPORTS FORECAST

Manila BULLETIN TODAY in English 8 Dec 83 p 10

[Text]

The country's export sales are expected to record a significant drop during the first and second quarter of 1984 because of a foreign exchange crisis that brought about a host of problems to local entrepreneurs.

The Confederation of Philippine Exporters (COPE) observed that export orders received for the last quarter of 1983 were less than 30 per cent of the normal volume. This has begun to discourage a number of Filipino exporters from continuing business transactions, it said.

COPE officials said that on top of this, exporters have raised three vital issues adversely affecting their operations; namely, the export tax, the increased rediscounting rates of the Central Bank and the difficulty in opening letters of credit (L/Cs).

These factors, according to COPE, have resulted in the inability of exporters to assure importers of the desired supply deliveries.

Consequently, COPE said export orders during the October-December period appeared to have slowed down.

Assurance of delivery on the part of Filipino exporters, COPE continued, hinged on the response of the government to the issues involved.

Citing an example, COPE said garment exporters recently experienced a problem in the opening of L/Cs when delivered supplies supposedly covered by a particular L/C were dishonored by customs authorities.

Garment exporters, it was gathered, face a more serious problem since their quotas for next year could be re-

duced due to non-utilization.

COPE also said that due to the increased interest rates on export loans, production costs of exporters have become unstable since rates have now been tied up to the so-called Manila Reference Rate.

An unstable costing is a big drawback to the clientele of Filipino exporters.

COPE also clarified that its members do not enjoy such "windfall profits" since the devaluation has triggered an increase in production costs which wiped out whatever advantage exporters have.

COPE summed up that due to mounting production costs and increasing competition from neighboring countries, a number of exporters are being discouraged and may have to stop operating to avoid losses.

CSO: 4200/289

PHILIPPINES

NEW FIRM CREATED TO FINANCE SUGAR BUSINESS

Manila BULLETIN TODAY in English 7 Dec 83 p 19

[Text] A P5 billion Philippine Sugar Corporation was created recently by Presidential Decree No 1890 to provide financing for the acquisition, rehabilitation and/or expansion of sugar mills, refineries and other related facilities.

The decree was signed by President Marcos on Nov 14 but was released only yesterday.

Industry sources said that the new sugar firm will initially take over from the Philippine National Bank some eight sugar mills acquired by the PNB through foreclosure.

These mills which were financed and/or guaranteed by either the PNB or the National Investment and Development Corporation are being run by the National Sugar Development Corp., a PNB subsidiary.

The decree also directs the Philippine Sugar Corporation to "see to the viability and stability in the operation" of sugar mills, refineries and related facilities.

Its third primary purpose states that it shall "provide for the eventual redemption and/or reactivation of sugar mills and refineries by the private sector."

The board of directors of the firm is composed of 11 members with the chairman of the Philippine Sugar Commission (Philsucom) as chairman.

The Philsucom chairman at present is Ambassador Roberto S. Benedicto, also the chairman of the National Sugar Trading Corp (NASUTRA).

All the 11 members of the board shall be appointed by the President of the Philippines, seven to be nominated by Philsucom and four by PNB.

The corporation has an authorized capitalization of P5 billion, of which P2 billion was initially subscribed by the Philsucom (65 percent) and by the PNB 35 percent). Its paid-in capital is P125 million.

The corporation is empowered to borrow and lend money for itself or for sugar accounts.

It will assist in the repayment and/or restructuring of the accounts of sugar mills and provide assistance in the preparation, financing and execution of sugar development or expansion programs.

The corporation is also clothed with financing functions like buying and selling of securities, underwriting, issue bonds and debentures, etc.

The corporation may borrow funds for relending subject to a service charge for relending to sugar mills.

It was authorized to float bonds from time to time up to P6 billion.

It is authorized to assist sugar mills obtain local and foreign loans, subject to its own guarantee.

CSO: 4200/289

PHILIPPINES

TWENTY FIRMS GIVEN IMPORT FUNDING

Manila BULLETIN TODAY in English 8 Dec 83 p 10

[Text]

Twenty major export firms have so far been allowed by the Central Bank to avail themselves of the export deduction scheme under Circular No. 978.

CB Senior Deputy Governor Gabriel Singson announced yesterday that these firms have been granted dollar allocations totalling \$20 million to pay for their imports of raw materials, supplies and spare parts.

Under the scheme, export-oriented firms may retain part of their foreign exchange earnings from exports to finance their importations of raw materials, spare parts and supplies needed in their operations.

Singson said the 20 firms are expected to generate about \$95 million in export receipts.

Exporters are required to apply for authority from the CB to use portions of their foreign exchange receipts to import their raw material requirements.

Singson said the export deduction scheme was adopted in anticipation of requests from the private sector.

Most of the 20 firms authorized are semiconductor manufacturing concerns as well as garment exporters whose operations depend entirely on their ability to import raw materials, supplies and spare parts on time.

Foreign exchange receipts which may be retained by exporters are exempted from Circular No. 970 which require all commercial banks to sell for pesos to the CB all their foreign exchange receipts.

Exporters who may wish to avail of the privilege, according to Singson, may file their applications with the CB export department.

Only matured import obligations of those maturing within 30 days from receipt of the export proceeds may be financed from such proceeds.

The exporters, however, are required to remit first the full value of their exports before any outward remittance funded from the export proceeds may be effected.

CSO: 4200/289

DISUNITY OF CEBU OPPOSITION VIEWED

Manila PHILIPPINES DAILY EXPRESS in English 8 Dec 83 p 5

[Article by Manuel S. Satorre, Jr]

[Text]

CEBU CITY - The political opposition in Cebu is finding it very difficult to unite in the coming election for the regular assembly in May 1984.

This observation is shared by many, including top opposition leaders in Central Visayas, who had expressed apprehension over the fragmentation of the opposition groups in the province.

While opposition leaders acknowledge that a divided opposition in Cebu would cause its downfall in the polls, the chance for unification to be able to put up a strong front against the Kilusang Bagong Lipunan (KBL) has remained elusive.

Says former Assemblyman Salvador Laurel, chairman of the United Nationalist Democratic Organization (UNIDO): "The opposition could lose in Cebu. I've noted some animosities between some opposition personalities in Cebu which we're trying so hard to patch up."

Former Concon delegate Napoleon Rama, a ranking official of the Partido Demokratiko Filipino (PDP-Laban), told Cebu newsmen that "they might give up Cebu because the opposition groups here simply could not unite."

OBVIOUSLY, the wranglings in Cebu's opposition front did not happen overnight. This dates as far back as 1978 when the opposition Pusyon Bisaya (PB) swept the polls in Central Visayas and installed 13 of its stalwarts to the then interim Batasang Pambansa.

At that time, Assemblyman Valentino Legaspi, now chairman of the UNIDO in Central Visayas, was chairman of the Pusyon. Former Rep. Antonio V. Cuenco, now chairman of the PDP-Laban in the country, on the other hand, was running under the banner of the KBL.

It so happened then that following the 1978 elections, several major changes in the political picture in Central Visayas had developed.

In the Pusyon Bisaya, four assemblymen were expelled for acts of disloyalty to the party. They were Assemblymen Legaspi, Bartolome Cabangbang, Jesus Villegas and the late Natalio Bacalso. The chairmanship of the party was taken over by former Comelec Commissioner Castinero Madzang Jr. who later resigned and joined the ruling KBL.

In the KBL camp which had suffered defeat in the hands of the Pusyon Bisaya, Cuenco and former Sen. Rene Espina including Rimbomapil-Holanza, bolted the party.

By 1980, these disgruntled forces - the Legaspi group from the Pusyon Bisaya and the Cuenco group from the KBL - found themselves together in what was then called the National Union for Liberation or NUL. They fielded candidates in the local elections in Central Visayas with only a handful surviving the onslaught of the KBL sweep.

LATER, these groups were also reunited in what was then organized as the United Democratic Opposition (UNIDO) which name was later changed to the now United Nationalist Democratic Organization.

It was in this group that personality conflicts and struggle for political leadership within the party had ensued between Legaspi, on the one hand, and Cuenco and Holganza on the other end.

As the rift widened, Cuenco and Holganza bolted the UNIDO and joined what is now known as PDP-Laban, Cuenco becoming national chairman with Holganza holding the position of secretary general.

Asked on the possibility of reconciliation for the possible unification of the opposition in Cebu, Legaspi said:

"Cuenco and Holganza and the Pusyon had offended me. I cannot reconcile with these people. Their fight against me is personal."

With this declaration, Legaspi apparently sealed all hope for unity in the political opposition in Cebu and possibly the Central Visayas.

AND WHAT has compounded the problem is the fact that while political opposition leaders in the region are calling for unification, no one is actually giving up the slot that he expects to get as one of the candidates in the coming 1984 polls. In other words, everybody seems to want to be candidates. In the latest count, there are already 37 aspirants from the opposition in the two seats that are available for Cebu City,

Adding more confusion to the province's political picture is the entry of former Sen. John H. Osmena to the scene. Many local opposition leaders are wary about his participation and in fact, some have started to lambast him.

Says radio commentator Miguel Enriquez: "This is unfair to us opposition leaders who have long sacrificed and toiled in the cause. And suddenly an upstart comes in to make the harvest."

But one thing is clear however. The opposition in Cebu will not be united in 1984. And divided, they might fall. (PNA)

CSO: 4200/289

JOB SOUGHT FOR MUSLIMS

Manila PHILIPPINES DAILY EXPRESS in English 8 Dec 83 p 5

[Text]

OFFICIALS of the Overseas Placement Association of the Philippines urged the city government and the labor ministry yesterday to form a body which will help unemployed Muslims in Manila find jobs abroad, especially in the Middle East.

OPAP president Emilio C. Bonoan, Moises M. Pardo, vice president, and Al Rashid I. Cayongcat, chairman on international affairs and president of the Young Muslim Professionals Association of the Philippines, met Tuesday with Vice Mayor James G. Barbers to discuss ways of helping ease the tension at the congested Muslim community in Quiapo by providing employment to its resi-

THE JOB placement experts believe that the problems of congestion and high criminality rates besetting the Muslim community in Carlos Palanca st. Echague can be traced to the high unemployment rate in the area.

Cayongcat, a former history professor at the Mindanao State University and employee at the foreign affairs ministry, estimated that 50 percent of the 20,000 Muslims in the community are jobless.

He said that among the unemployed are former members of the Moro National Liberation Front who had returned to the lawful fold and Mindanao residents who had been displaced by the strife in the South.

Cayongcat said the apparent lawlessness of some members of the community are not "simply in defiance of order but are symptoms of the economic situation faced by Muslims in the city."

Both Bonoan and Pardo pledged to support an inter-agency body to look into employment prospects for the Muslims.

Bonoan said that Filipino Muslims who meet labor requirements can easily be integrated into the Islamic way of life in Middle East countries.

CSO: 4200/289

FOREIGN MINISTRY SPOKESMAN REACTS TO MALAYSIAN ATTITUDE

Bangkok MATICHON in Thai 13 Oct 83 pp 1, 16

[Text] The Ministry of Foreign Affairs is setting in motion machinery to investigate the facts pertaining to Malaysia's smearing of Thailand, and it is preparing to name retaliatory measures.

The issue stems from an incident in which the BERNAMA [as published] Press Agency of Malaysia put out news criticizing Thailand and calling on Malaysian tourists not to go vacationing in Thailand's southern region because it was equivalent to supporting communist terrorists, since the merchants in Thailand's south and the communists depend on each other.

Mr Sutthisawat Kridakon, deputy director-general of the Information Department of the Ministry of Foreign Affairs, have an interview to MATTICHON on 12 October. He said that high-ranking officials of the Foreign Ministry had consulted about this matter to consider what further actions they would carry out, but there is still no firm agreement. In any case, the line of action at this point is that the Information Department is questioning the Thai ambassador to Malaysia in order to know the facts pertaining to the said news.

"We have to be careful, because it's an ASEAN group country along with us. They claim that forbidding their people to come in would make the CBII's [communist bandits of Malaysia] go away. But we have never slammed them, and neither have we restricted tourists. Rather, we've encouraged them to go to our fellow ASEAN countries. But they turn around and try to keep their people from touring in our country," Mr Sutthisawat said.

The deputy director-general of the Information Department stated further that Malaysia's claim that vacation travel in Thailand was equivalent to promoting the CT's [communist terrorists] was a false one, but that it might have more to do with the fact that this [tourism] causes movement of hard currency to outside of the country. In any case, we must investigate in order to make clear why Malaysia came to publish news of this type.

On the part of Mr Anek Rotphaibun, governor of Songkhla, he revealed that in truth no such news should have come up at all. Malaysia itself has said in the joint monthly meetings between government tourist bodies that they are worried about our political stability as well. As for this matter, the news

must be investigated to make certain how the case stands by contacting the Thai Embassy in Malaysia. If it is found to be true, then communiqus telling the facts will be brought out so that the facts may be understood for the sake of Thailand's image.

12532
CSO: 4207/32

COLUMNIST SUSPECTS AID TO LAOS, NOTES SRV STRENGTH

Bangkok DAILY NEWS in Thai 13 Oct 83 p 8

[Excerpts] It began with the news that the customs checkpoint had allowed merchants to send three tractors over to sell to Vietnam for building a military road. Then a hue and cry broke out, to the point that investigations were instigated. The final outcome is that a third country came out to swear that they were aid from that country.

The actual facts of the matter are opposite of those summarized reports which came out!

The tractors were sent over the Thai border into Laos for use in building a road from Quang Tri Province to Savannakhet Province as a direct sales deal between merchants and Vietnamese representatives in Laos; it [the deal] depended on the flashy tricks of the merchants and government officials in some official bodies along the Mekong banks, who joined together to create this deception until the rest of us believed it wholeheartedly.

After the tractors had gone over the Thai bank and into Laos the merchants sent one more over as a bonus for the other side, as they had brought them a large profit.

Dinner parties with the merchants and the wicked officials took place the whole time in Mukdahan to celebrate their successes.

Stories like this are quite common knowledge all over the country!

It is known that...officials in Mukdahan of the crime prevention and suppression division have taken these matters seriously all along.

The river police of the MROU [Mekong River Operations Unit], and the coordinating center of the Internal Security Operations Command in Mukdahan, in particular, know well all the trickery of that group of merchants in every sphere.

But at the same time, another group of officials tries to cover up [for the merchants], acts at cross-purposes, and searches out ways for the merchants to take forbidden strategic goods over the banks [of the Mekong] time and time again.

To the point that disputes often arise.

For example...the police detain a group of merchants who illegally export and import forbidden products.

Then they are criticized by the administrative branch every time!

But if they let them go, then these goods fall into the merchants' hands, and they import them illegally and export them to the support of the opposite side...and the commander of their branch comes down on the police.

The most important thing is that strategic goods including the following: barbed-wire goods, spare auto parts and tools, motorcycles, auto tires, automobile batteries, medicines, medical supplies, tractors, clothing, sponge rubber shoes...[all of these] are goods forbidden to be exported from the country!

Moreover, the merchants have been smuggling [these goods] out all along!

And who do they send them to, do you know?...a Vietnamese infantry division; they got the tractor from us to build a military road from the seat of Quang Tri to Savannakhet, which unites them with the 12,000 troops in the city of Seno [as published], 30 km from the Mekong separating the edge of Thai and Lao territory at Mukdahan.

It is just as if we sent reinforcements to them!

Can this be what they call betraying one's country?

Thai fathers and mothers, sisters and brothers, think about it.... Compare commercial advantage and disadvantage with our national security, that of the kingdom, and that of Thai people everywhere.

Is it worth it or not?

Please, let everyone think it over first, before...certain officials and merchant traitors become the lackeys of our opponent.

Before our people...and the honest-intentioned officials lose heart and of one accord let out a cry:

"Thailand is not my country alone."

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GEN HAN: NO FEAR OF 'LEFTIST' LABEL; CAN WORK WITH ATHIT

Bangkok MAT UPHUM in Thai 14 Oct 83 pp 1, 12

[Excerpts] On the afternoon of 13 October at the Bank of Thailand, Gen Han Linanon, chief of officers of the Supreme Commander's staff, addressed Bank of Thailand officials as well as a crowd of 500 interested persons.

In the beginning, Gen Han stated that his life had known struggle and difficulties since his childhood, as he had parents who were civil servants on small salaries. At that time, he resolved to be successful in his studies in order to win out over poverty. After he had grown up, he began to understand the true meaning of poverty. When he was Chief of Army Operations, he had the opportunity to travel all over the country; he found the conditions for war stemming from dictatorship, and dark influence which brings suffering and injustice. Moreover, he found that economic, political, and social monopoly cause corruption and social decay. It blows up in our hands and that "he who has the longest reach, gets the girl."

Gen Han further stated that the conditions for war have accumulated for some time, due to the fact that the system of government is not fully democratic. While he was commander of the Fourth Army Region, he tried to eradicate illegal influence and power, but he met with both direct and indirect resistance. Sometimes retired officers pointed him out in the middle of meetings to slander him, saying that the communists had brainwashed him and made him a leftist. Indirectly, there were allegations of disloyalty. He was not, however, discouraged because of his strong grasp of an ideology that was for the common good.

The head of staff officers said of the ideology he holds that its standpoint must be democratic, which is in agreement with the view of the majority of the public. The [first] thing he would ask one to be wary of is dictatorship dressed up as democracy. The second point is that the interests of the public as a whole must be protected, and that it is dictatorial thought alone which protects its own interests and that of its own group. The third point is to promote democratic movements which are in accordance with Order 66/2523 of the Prime Minister's office.

Concerning the still unsuccessful resolution of the problems of the southern region, the head of the staff officers said that the south's problems still

can not be solved 100 percent, especially [concerning] the issue of criminal influence and power, which necessarily continue because influences on the national level support and help it on the regional level. When he could not stamp out some situations, he had to report it to the unit above him, and it turned out that the matter was sometimes put on ice; sometimes there was a cover-up. Nevertheless, he did not lose hope because the public had given its cooperation. The last election in the south had definitely pointed out that pouring money [into an election] was useless, since the public has an understanding of the democratic system.

As for his new position, Gen Han stated that although the newspapers had said that it was a post to kick him upstairs, he is not discouraged or without hope. Even though he had the idea that he would stay in the army because there was a great deal of unfinished business, there was no problem looking for work anywhere. Even more so when it comes to his new position close to the Supreme Commander, when naturally he is in a position in which he must keep give suggestions and advice as a staff officer to Gen Athit Kamlang-ek, the supreme commander, so that he decides on the correct path. He is completely ready to support Gen Athit Kamlang-ek as he works for the good of the public. It is a good opportunity for himself to bring about the advent of tranquility all over the country.

Gen Iian asked the officials of the Bank of Thailand to give their support to every democratic movement without fear that someone will call them leftists, since this is in accordance with the policy of 66/2523. In addition, he asked the officials to have the ideology of a national army, and not to be afraid of various influences. He asked them to say what they think and together help each other build full democracy.

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CSO: 4207/32

THAILAND

LAO REFUGEE OFFICER, BPP NCO 'COLLUSION' IN ROBBERY

Bangkok THAI RAT in Thai 13 Oct 83 p 8

[Text] At 2 pm on 15 October, Pol Capt Phinthurat Senachai, station inspector of the Tha Bo District Police Station, Nongkhai Province, came in to report to Pol Col Sayan Saengsayan, chief of provincial police for Nongkhai, that as he had been entrusted with hunting down the gold thieves, he had done so until there had occurred an encounter with the thieves and he had been able to shoot one to death. It [the encounter] was with three Lao in the refugee center who had together run off to steal the said gold, with 1st Lt Thip Chanthaburi, a Lao officer--who fled successfully--as leader. Pol Captain Phinthurat and his companions investigated and learned that this Lieutenant Thip, the gold thieves' leader, had fled to lie low at the house of a sergeant-major of police, aged 38 years, a non-commissioned officer of the BPP [Border Patrol Police] at Seniranyut Camp, Udonthani. Pol Captain Phinthurat, together with Udonthani metropolitan police and a number of military inspectors, followed him and surrounded the house of the police sergeant-major at about 5 am in the same day (15 October). It turned out that the sergeant-major, owner of the house, came out to curse the police surrounding the house, to accuse them of not having a warrant, and to obstruct the police from arresting Lt Thip Chanthaburi, the Lao officer who was the leader of the gold thieves, until the latter had a chance to flee.

Captain Phinthurat and his companions investigated further and found that this sergeant-major of the BPP was the man behind the three Lao thieves by supporting them with weapons and explosives, and by bringing the Lao out of the center to steal the gold. Captain Phinthurat, therefore, went to bring this to the knowledge of Col Sayan Saengsayan, chief of provincial police for Nongkhai. Col Sayan will submit the matter to the commander of the northern unit for permission to take this sergeant-major into custody on charges of colluding with refugees escaped from confinement, of helping these gold thieves, of giving shelter to criminals, and with trying to obstruct an arrest by government officials performing their duties. Col Sayan will submit the matter at once to ask for permission, and then it is expected that they will set out to arrest the police sergeant-major shortly.

12532
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SERVICE SECRETARIES TO BE UPGRADED TO MAJOR GENERAL.

Bangkok SIAM RAT in Thai 29 Oct 83 pp 1, 12

[Text] The three armed forces have asked to upgrade the post of service secretary to major general, citing that each service has a great deal of work, has increased expansion in the armed forces, and that the position of armed force secretary is equivalent to that of department head which has major general rank. News sources mentioned specifically that the army's proposal has already been approved, and at this time the individuals are in the midst of being named.

News reports from the army revealed to SIAM RAT that the army has drawn up a memo to Supreme Command Headquarters in order to ask that the rank of the post of army secretary be upgraded to that of major general, citing the army's increased responsibilities and duties, and the very broad supervisory limits of the work of the Office of the Army Secretary.

"It is army policy to ask that it be upgraded," news sources stated, "by sending memoranda step by step, starting with the army, moving on to Supreme Command Headquarters, until they reach the Ministry of Defense, in order that they may consider whether to upgrade the post or not."

On the part of the air force, Air Force Capt Prasoet Satchunkon, Secretary of the Air Force, revealed to SIAM RAT that the air force had written to Supreme Command Headquarters in order to ask for the upgrade on 19 October. This was because it was learned that the army had asked beforehand, and the navy had done so in the beginning of October.

The reasons which the air force cited in this proposal to upgrade the post was that the office of the Secretary of the Air Force has many responsibilities. It must perform administrative duties all the way from secretarial to financial ones, and it must send letters and answer the correspondence of the Air Force Commander, the Deputy Commander, the two assistant commanders, the Chief of Staff, and the assistant chief of staff for various branches as well.

Besides this, the office of the Secretary of the Air Force also has the duty of making administrative plans, planning operations, and coordinating work having to do with spreading public relations information about air force activities, including training and supervising work in the academic side of the public relations branch.

"The air force secretary is the head of this unit, directly responsible to the air force commander--which is a position equivalent to that of a department head. The head of a department has major general rank, but the secretary is a captain instead. How can it be?" Capt Prasoet said, adding that the office of the Secretary of the Air Force has a large amount of work. Formerly, the air force was small, and it was enough to have only the position of group captain [for Secretary of the Air Force], but at present the air force has greatly expanded.

Capt Prasan Chuchinda, Secretary of the Navy, revealed, "We did it all a little bit before the air force. The reasons were the same as those of the air force, namely increased responsibilities. I say, however, that it would be better to put the matter off first."

Another news report pointed out that the Ministry of Defense had already approved letting the army elevate the post of army secretary to the rank of major general, approving it about two weeks ago, and is now in the midst of considering individuals to assume the said post.

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CSO: 4207/32

THAILAND

VIETNAMESE RESIDENTS SEND FUNDS TO SRV

Bangkok SIAM RAT in Thai 29 Oct 83 pp 1, 6

[Text] The police have revealed that [the] Vietnamese are still soliciting a large amount of money to send back to their country by underhandedly citing other activities as a cover, and that the Vietnamese Embassy is aware of and in agreement with this. It was explained that they are "sucking blood" in the amount of 30 to 65 baht from each of their own families many times a year. Although the government has this under constant surveillance, it is without result.

News sources from the police department revealed to SIAM RAT that on 26 October Pol Lt Gen Ong-at Phutphat, head of the Police Operations Center (POC), reported on the matter of the behavior of Vietnamese in Thailand who are collecting money. All of this was discovered by the Nongkhai Provincial Police in cooperation with ISOC [Internal Security Operations Command] authorities and the officials of the Central Intelligence Department, who together followed the movements of a group of Vietnamese.

This group of Vietnamese solicited contributions, ostensibly citing a temple fund raising activity as a front. This last solicitation was done 2 September, each family giving 30 to 65 baht. From this behavior, on which the authorities kept watch, they found that this group of Vietnamese sent a large amount of money back to Vietnam with the knowledge and approval of the Vietnamese Embassy.

This group of Vietnamese showed by their behavior that they were going to send money back to Vietnam on 2 September--which is the national holiday of Vietnam. Besides sending money out of Thailand, these Vietnamese incited another group of Vietnamese who had cooperated with the [Thai] government to oppose the Thai government, with the former group of Vietnamese breaking many more [Thai] government regulations. Therefore, it is fitting that some further legal proceedings against them be started for the safety of the nation.

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BRIEFS

TRADE BALANCE WITH PRC--Products which China will buy from Thailand in 1983 have been announced. Most are produce in which the Thai economy has a large product. Thailand, on the other hand, wants oil from China as before; and the trend is that in the future Thailand might have a trade deficit with China, even though it once had an equal balance of trade before. Mr Krabi Sinthuchao, Thailand's commercial advisor in Peking, announced the results of Thai-Chinese trade, and said that Thailand's trade had an edge over China's by about 64 millionbaht in the 6 month period at the beginning of this year, with trade for the nine listed products, namely: corn, rice, rubber, green chick peas, raw sugar, tobacco, wax, cashews, and medicinal herbs; moreover, Thailand ordered commercial petroleum products and diesel oil from China. At this time the various products have already been delivered, except for the wax which still has not been ordered, owing to the fact that Thailand did not produce enough of some varieties. In addition to the abovementioned products, Mr Krabi revealed as well that China had ordered products from Thailand which were not on the list, namely: glass, of which 80-100 million baht worth has been ordered already; synthetic thread, 20 million baht; and another quantity of iron pipe. Thailand has tried to open contacts about selling new products, such as coffee, wood for container bottoms, plywood, and cement, to China as well. No matter whether Thailand sells many varieties of items to China, however, in the future Thailand might be the side with an unfavorable balance of trade, owing to free trade policies in Southeast Asia. As for the trade agreement with China in 1984, Mr Krabi revealed that there has already been agreement on the goals, that is: China will buy 100 to 150,000 tons of corn from Thailand; 1,500 tons of cashews; 40 to 45,000 tons of green chick peas; rubber and raw sugar, 50,000 to 100,000 tons; plywood, 5,000 cubic meters; medicinal herbs, in the value of 34.5 million baht; synthetic fibers, 2 to 3,000 tons; and tobacco, 2,000 tons. As for Thailand, it will buy 100,000 tons of commercial petroleum products and light diesel oil. [Text] [Bangkok MATUPHIT in Thai 2 Nov 83 p 6] 12532

MILITARY PAY-RANK STRUCTURE--The deputy minister of defense explained the consideration of military promotions not tied to salaries. Air Force Maj Gen Phaniang Kantarat, deputy minister of defense, today gave an interview with reporters at the Government House before going in to the morning cabinet meeting on the progress of the consideration of promotion of soldiers without tying it to their salaries. He said that it is being brought to the consideration of the Defense Council once more, but this month the Defense Council has

put off its meeting, so it will definitely have to wait. Its consideration will will, however, certainly be finished before the opening of parliament's regular session. The assistant minister of defense pointed out that this matter surely will not have any problems hindering it, because all the high-ranking officers at all levels have already met to consider it completely. The matter is being carried out only in accordance with the steps provided in the law. [Text] [Bangkok MATUPHUM in Thai 2 Nov 83 p 2] 12532

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